

OVERSEAS NEWS

Shultz to hold talks in Ankara

By David Barchard in Ankara

THE US Secretary of State, Mr George Shultz, arrives in Ankara today for two days of talks with the Turkish Government including President Kenan Evren, and Mr Turgut Ozal, the Prime Minister.

The still uncompleted Defence and Economic Co-operation Agreement between Turkey and the US and relations between Greece and Turkey and the Cyprus dispute are likely to occupy most of the agenda.

It is expected that Turkey and the US will announce they have agreed on a new pact to replace the previous one. The pact, five years old, expired on December 19.

The US has allowed the negotiations to proceed at a gentle pace, feeling that Turkey's original insistence on more economic and military aid, guaranteed over five years rather than subject to annual approval by the US Congress, was unattainable.

Turkey's negotiating position is believed to have shifted in recent weeks to a request for more economic and industrial co-operation. It would like to see more joint ventures in the arms industries. A \$4.2bn (\$3bn) joint venture is already under way with General Dynamics of the US to co-manufacture F-16 fighter jets.

Building tax tension runs high in Sicily

By JAMES BUXTON IN ROME

TENSION WAS still high in Sicily yesterday on the seventh day of serious protests against a new tax on illegal construction.

Over the weekend, the central government in Rome flew hundreds of police reinforcements to the island from cities in northern Italy.

Police were yesterday reported to have broken the protesters' blockade on the main outer strada connecting Palermo, the capital, in the west of the island, with the town of Catania in the east.

Police were yesterday reported to have broken the protesters' blockade on the main outer strada connecting Palermo, the capital, in the west of the island, with the town of Catania in the east.

Whole suburbs have been

to have been lifted, but the main railway between Palermo and Messina to the east was still blocked.

The protest is against a new law which gives an official pardon to anyone who has breached building regulations in the past 40 years, on the condition that they declare it by the end of this month and pay a fine.

The law applies all over Italy and Sicily, but the worst offenders are in southern Italy and Sicily, where it is reckoned there may be 1.5m illegal homes, not to mention unauthorised alterations.

Whole suburbs have been

built illegally, and usually the municipalities have not installed the running into thousands of metres of lighting.

The Sicilians claim that they are exceptionally heavily penalised because the laws on the amount of building permitted in the island were drawn up when much of Sicily consisted of large estates.

In many cases, the mayors of the cities involved support the protest, though they have tried to dissociate themselves from its more violent manifestations.

So far, the government in Rome has stood firm against the protest, but a parliamentary committee—which has legislative powers—will today discuss the issue, and could make amendments to the law.

Yugoslavia set to press Howe on debt agreement

By ALEKSANDAR LEPIC IN BELGRADE

YUGOSLAVIA is expected to press Sir Geoffrey Howe, the British Foreign Secretary, who arrived here last night for a two-day visit, for a multi-year extension of its official debt to Western governments.

Most of Yugoslavia's 16 official Western creditors have been positive about the idea of negotiating a debt accord, but the US and UK have reacted coolly.

A deal to reschedule Yugoslavia's 1985-88 debts to commercial banks has already been reached

and will come into effect tomorrow. Yugoslavia says it is not satisfied with trade with Britain in spite of a considerable recent reduction in the bilateral deficit. Sir Geoffrey is likely to remind his host, Mr Raif Dizdarevic, the Yugoslav Foreign Minister, that due to the increase in the number of British tourists visiting Yugoslavia, the overall balance of payments flow to Yugoslavia's favour, and that the increased Yugoslav exports to the West depends primarily on Yugoslavia's own marketing efforts.

Czech president set to call for improved efficiency

By LESLIE COLLYN IN PRAGUE

PRESIDENT Gustav Husak is expected to echo the new Soviet call for greater economic efficiency at the Czechoslovak party congress that opens today, but to avoid any sweeping reorganisation that might release political forces bottled up since 1985.

This week's congress will be the first in East Europe since the one last month in the Soviet Union. It will be watched because of Soviet leader Mikhail Gorbachev's new policies towards close allies like Czechoslovakia.

US nuclear test angers Moscow

By IVO DAWNAY IN BRUSSELS

THE Soviet Union was indignant yesterday about Saturday's nuclear test underneath the Nevada Desert, calling the explosion a brazen challenge to world opinion and warning that Washington bears responsibility for any consequences.

A communist in the Communist Party Daily Pravda did not, however, make clear whether the Nevada test would prompt the Kremlin to seek immediate testing.

Mr Mikhail Gorbachev, the Soviet leader, announced on March 13 that he would extend Moscow's moratorium on nuclear testing beyond its March 31 expiry date until the next US nuclear test.

The Soviet Union, which has waged a strong public campaign on the nuclear test ban issue, is unlikely to renege on its past promise by testing before March 31. But it seems equally improbable the Kremlin will extend its moratorium—originally set to run from last August to December 31—a third time.

Mr Gorbachev had named movement toward a nuclear test ban as one arms control issue where progress could yield quick resolution of the tussle over the date of the next superpower summit.

EEC agriculture ministers to meet for talks on prices

By IVO DAWNAY IN BRUSSELS

EEC farm ministers meet today for their first serious talks on the Community's agriculture prices for 1986-87. The main point of interest will not be figures, however, but the personality and opinions of the new French minister, Mr Francois Guillaumet.

Last night, it was still unclear whether Mr Guillaumet would be attending the meeting. But reports from Paris at the weekend claimed that he has already described the two central planks of the European Commission's proposals—a 3 per cent production tax on cereals and a broad price freeze—as unacceptable to the new Government.

Mr Guillaumet's reputation as a passionate advocate of farmers' interests against the mounting pressure for economies is well known. Less than two weeks ago, he condemned the Commission's price package and firmly backed the farm unions' call for a 4.7 per cent average price rise.

The European Parliament could also delay a conclusion to the talks if it fails to deliver its formal "advice" on the Commission's plans. The parliament meets on April 17 to discuss the programme.

Specific items on the Farm Council's agenda include provisions to aid sales of sugar to the chemical industry and a Commission scheme to make member states bear some of the cost of housing stocks.

Hungary moves towards easier laws on press

By OUR FOREIGN STAFF

HUNGARY HAS taken a step toward greater freedom of the press by enacting a new law obliging officials of the Communist Party, the Government and companies to disclose information to the press. Legal action may be taken against officials trying to avoid "publicity and control" by the media.

But the authorities said they will still refuse to give replies which would "violate" the national interest. Dr Imre Marko, the Minister for Justice, told a parliamentary debate in Budapest on Friday that the Government wanted the media "boldly and openly" to reveal all problems and shortcomings. He added, however, that this was to be done with "circumspection" and a sense of responsibility.

The Hungarian media would still serve to propagate socialist ideas and conditions and never voice views alien to socialism.

Hungarian journalists said the sticking point of the new law was the question of what constituted secrets in the national interest, which could not be disclosed.

Dr Rezső Bánányi, chief government spokesman, said the authorities would not reveal any real secrets which violated political, diplomatic or economic interests.

But he added that the law ensured journalists would encounter as few artificially created secrets as possible.

Journalists who refused to accept refusals to disclose information can appeal in civil court and are likely to do so.

Bank of Portugal chief to run for party leader

By OUR LISBON CORRESPONDENT

THE GOVERNOR of the Bank of Portugal, Sr Vitor Constancio, has tendered his resignation to the Finance Ministry in order to run for the leadership of the Socialist Party as successor to Sr Mario Soares, who was elected Portuguese president last month.

Sr Constancio, an able economist and former Finance Minister, is seen as the strongest contender to fill the vacuum left by Sr Soares whose uninterrupted leadership established the party as the major force in Portuguese politics.

His main challengers are expected to be Sr Jaime Gama, a former Foreign Minister and Sr António Almeida Santos, also a former Finance Minister. President Soares has said he will maintain a strict neutrality in the succession struggle.

Bulgaria has new Premier

By DAVID BUCHAN

BULGARIA has a new prime minister, Mr Georgi Atanasov, as part of the latest reshuffle of government and party posts that is proving the most extensive in the Communist bloc outside the Soviet Union.

Mr Atanasov, in his early 50s, has also been made a full Politburo member. He replaces the older Mr Grisha Filipov as

The latter's appointment late last week as a secretary of the party central committee puts him among possible candidates to succeed President Todor Zhivkov, 74, as party general secretary. Should Mr Zhivkov decide at next month's party congress to retire, after running the country for 30 years.

The merging of several ministries was also announced in Sofia over the weekend. This continues a pattern started earlier this year, with the creation of three superministries, to streamline the central bureaucracy, following closely the line

National Savings Income Bonds give you a regular monthly income without touching your savings.



When it comes to enjoying life, an investment in National Savings Income Bonds can make all the difference. Interest is paid monthly, so you get extra money coming in regularly, to spend enjoying life or simply to help pay the bills.

National Savings INCOME BONDS

APPLICATION FOR NATIONAL SAVINGS INCOME BOND

To NSIB, Bonds and Stock Office, Blackpool, FY3 9YP

1. We accept the terms of the Prospectus and apply for a Bond to the value of:

£1,000

Initial minimum of £2,000 and multiples of £1,000 to a maximum of £50,000

Mr/Mrs/Miss

2. Surname(s) Full Christian name(s) or forename(s)

Address (including postcode)

3. Name of Trust if applicable

4. NAME AND ADDRESS FOR DESPATCH OF INVESTMENT CERTIFICATE (if different from above). Name Address

5. DIVIDENDS TO BE PAID BY CREDIT TO: If not in a National Savings Bank or other bank account, enter name and address to which dividend statements should be sent.

6. Address A/c No. A/c Name(s)

7. Signature(s) Date 19

PROSPECTUS 1 October 1984

1. The Director of Savings, authorised by the Lords Commissioners of Her Majesty's Treasury to receive and further national applications for National Savings Income Bonds ("Bonds").

2. The Bonds are Government securities issued under the National Loans Act 1956.

3. The Bonds are issued in the National Savings Stock Register for the time being in force or for as long as applicable. The principal and interest on the Bonds will be paid quarterly in the National Savings Stock Register.

4. The Bonds will be held in the name of the holder and will be transferable only by assignment.

5. The Bonds will be held in the name of the holder and will be transferable only by assignment.

6. The Bonds will be held in the name of the holder and will be transferable only by assignment.

7. The Bonds will be held in the name of the holder and will be transferable only by assignment.

8. The Bonds will be held in the name of the holder and will be transferable only by assignment.

9. The Bonds will be held in the name of the holder and will be transferable only by assignment.

10. The Bonds will be held in the name of the holder and will be transferable only by assignment.

11. The Bonds will be held in the name of the holder and will be transferable only by assignment.

12. The Bonds will be held in the name of the holder and will be transferable only by assignment.

13. The Bonds will be held in the name of the holder and will be transferable only by assignment.

14. The Bonds will be held in the name of the holder and will be transferable only by assignment.

15. The Bonds will be held in the name of the holder and will be transferable only by assignment.

16. The Bonds will be held in the name of the holder and will be transferable only by assignment.

17. The Bonds will be held in the name of the holder and will be transferable only by assignment.

18. The Bonds will be held in the name of the holder and will be transferable only by assignment.

19. The Bonds will be held in the name of the holder and will be transferable only by assignment.

20. The Bonds will be held in the name of the holder and will be transferable only by assignment.

21. The Bonds will be held in the name of the holder and will be transferable only by assignment.

22. The Bonds will be held in the name of the holder and will be transferable only by assignment.

23. The Bonds will be held in the name of the holder and will be transferable only by assignment.

24. The Bonds will be held in the name of the holder and will be transferable only by assignment.

25. The Bonds will be held in the name of the holder and will be transferable only by assignment.

26. The Bonds will be held in the name of the holder and will be transferable only by assignment.

27. The Bonds will be held in the name of the holder and will be transferable only by assignment.

28. The Bonds will be held in the name of the holder and will be transferable only by assignment.

29. The Bonds will be held in the name of the holder and will be transferable only by assignment.

30. The Bonds will be held in the name of the holder and will be transferable only by assignment.

31. The Bonds will be held in the name of the holder and will be transferable only by assignment.

32. The Bonds will be held in the name of the holder and will be transferable only by assignment.

33. The Bonds will be held in the name of the holder and will be transferable only by assignment.

34. The Bonds will be held in the name of the holder and will be transferable only by assignment.

35. The Bonds will be held in the name of the holder and will be transferable only by assignment.

36. The Bonds will be held in the name of the holder and will be transferable only by assignment.

37. The Bonds will be held in the name of the holder and will be transferable only by assignment.

38. The Bonds will be held in the name of the holder and will be transferable only by assignment.

39. The Bonds will be held in the name of the holder and will be transferable only by assignment.

40. The Bonds will be held in the name of the holder and will be transferable only by assignment.

41. The Bonds will be held in the name of the holder and will be transferable only by assignment.

42. The Bonds will be held in the name of the holder and will be transferable only by assignment.

43. The Bonds will be held in the name of the holder and will be transferable only by assignment.

44. The Bonds will be held in the name of the holder and will be transferable only by assignment.

45. The Bonds will be held in the name of the holder and will be transferable only by assignment.

46. The Bonds will be held in the name of the holder and will be transferable only by assignment.

47. The Bonds will be held in the name of the holder and will be transferable only by assignment.

48. The Bonds will be held in the name of the holder and will be transferable only by assignment.

49. The Bonds will be held in the name of the holder and will be transferable only by assignment.

50. The Bonds will be held in the name of the holder and will be transferable only by assignment.

51. The Bonds will be held in the name of the holder and will be transferable only by assignment.</

ture
meet
prices

Israel trade deficit widens to \$179m in month

BY ANDREW WHITLEY IN TEL AVIV

ISRAEL'S adjusted foreign trade deficit widened dramatically in February to \$179m (£127m), raising fears of the shekel is linked and the price of crude oil should have helped the Israeli balance of payments enormously.

In January and February, imports rose on a monthly average basis by 8.4 per cent compared with the previous quarter, while exports declined by 6.5 per cent.

Excluding diamonds and fuel, exports declined last month by \$28m compared with January, to \$325m - a monthly low not seen since the second quarter of 1984. Imports jumped by \$64m to \$544m, according to Bank of Israel figures.

The import and export of diamonds and the import of crude oil and fuel products are generally treated separately in Israel's trade statistics, on the grounds they do not reflect the true performance of the economy.

More alarming, however, than the one month's exceptionally bad trade figures is the underlying deterioration of the external accounts over the past five months.

In the last quarter of 1985, exports managed to continue

their improvement, rising by 2.3 per cent. But imports fuelled by an unexpected consumer boom - shot up by a disturbingly high 11.6 per cent.

No official breakdown of recent months' trade figures is yet available. But one senior Western diplomat said that while there had been some increase in investment inputs, the main problem appeared to have been an appreciable increase in consumer durables imports.

During the third quarter, imports declined by 8.2 per cent on a monthly average, while exports were up by a modest 1 per cent. The visible deficit, leaving aside diamonds and fuel, shrank to an average of only \$15.5m a month.

Since then, however, the country's performance has not been at all encouraging on either the export or import fronts, threatening to undermine a central plank of the coalition National Unity Government's economic strategy.

"It will take until the summer to tell whether the economy is beginning to grow in the right (export-orientated) areas," the official said.

"By then, it should be clear whether the current strength of domestic demand is too high to be stable."

Ershad clears way for Bangladesh elections

BY SAYED KAMALUDDIN IN DHAKA

BAKSHIYEESHA military President Lieutenant General Hossain Mohammad Ershad yesterday cleared the way for parliamentary elections in May with the acceptance of resignation letters from 17 ministers in his 31-member Cabinet.

Over the weekend he ordered the winding up of all regional and local martial law administrative panels, military courts and special military tribunals, thus fulfilling his commitment to create a "congenial atmosphere" for the opposition parties to participate in the elections.

The two major opposition alliances - the Fifteen Party and the Seven Party - had demanded that the April 26 election date be delayed, that

Pakistan opposition holds anti-Zia rallies in Punjab

PAKISTAN'S opposition held big rallies in Punjab province yesterday to demand fresh national elections and to urge President Mohammed Zia-ul-Haq to quit office, opposition sources and witnesses reported. Reuter reports from Rawalpindi.

The largest rally, organised by the 11-party Movement for the Restoration of Democracy (MRD), was held at Rawalpindi near Islamabad.

A crowd estimated at over 60,000 people chanted slogans against General Zia hours after he attended a big military parade to mark Pakistan's national day.

The PPP, founded by Mr Zulfiqar Ali Bhutto, former Prime Minister who was executed after Gen Zia seized power in a 1977 coup, is the main force in the MRD.

Rallies were also held in more than 20 other Punjab towns to demand the restoration of the 1973 constitution without amendments made by Gen Zia

before he ended eight and a half years of martial law on December 30.

Opposition officials said the rallies rejected the present national and provincial parliaments and demanded elections which all parties would be allowed to contest.

"Zia came through the back door . . . and he must quit," Mr Tikkha Khan, Pakistan People's Party (PPP) secretary general, told the cheering Rawalpindi crowd in Liaquat Bagh park, only about a mile from Gen Zia's official residence.

The PPP, founded by Mr

Zulfiqar Ali Bhutto, former Prime Minister who was executed after Gen Zia seized power in a 1977 coup, is the main force in the MRD.

AIR CALL BLEEPERS



GIVE ME THE WORD!

When you want to stay in touch with people, wherever they are, wherever they go, Air Call bleepers do it for you. From a simple bleep to a written message, they're right for your pocket - physically and financially.

For two-way communication, Air Call offer mobile radio and telephones - with a choice of Cetnet or Vodafone.

And behind all the hardware? The most comprehensive and sophisticated range of communications support services you could wish for.

Telephone answering and message handling, call forwarding, action reminders, appointment-making, and more. And your calls are answered by real people - not machines. Being on Air Call is like having a PA at your service, round-the-clock.

Don't just be on air - be on Air Call. Phone 01-200 0200 today!

AIR CALL
NEC Corporation

Sudan postpones elections in south

BY ANTHONY ROBINSON IN JOHANNESBURG

SUDANESE authorities announced yesterday that next month's elections will be postponed in 37 southern constituencies because of fighting between Government troops and rebels, AP reports from Khartoum.

A resolution adopted at a joint meeting of the ruling transitional military council and the civilian Cabinet said balloting would go ahead in 31 southern districts as well as in areas unaffected by the three-year-old rebellion.

Elections are scheduled to begin on April 1 for a 301-seat assembly that will draft a new constitution and choose a

Sudan has been ruled by the military council and a subordinate civilian administration since a coup against President Gaafar Nimeiri last April.

The Sudan Peoples' Liberation Army (SPLA), led by Col John Garang, has refused to stop fighting in spite of the overthrow of Mr Nimeiri. Talks are under way in Ethiopia between the SPLA and an alliance of parties and trade unions which aims to settle the rebellion.

King Fahd of Saudi Arabia has ordered his Petroleum Minister to give Sudan 2.92m barrels of oil over four months, local newspapers reported. Reuter reports from Khartoum.

State-owned newspapers Al-Ayyam and Al-Sabah reported the gift of \$22m (£14.2m), including transport, and would cover all Sudan's oil needs for the four-month period.

Shipments from the Saudi Red Sea port of Yanbu to Sudan's main refinery at Port Sudan will start immediately.

Libya last summer promised Sudan 300,000 tonnes of oil over six months, but only 150,000 tonnes had arrived by December.

Arson attack over Natal multi-racial plan

BY ANTHONY ROBINSON IN JOHANNESBURG

OPPONENTS OF long-mooted plans to create a multi-racial administration in the South African province of Natal are believed to be behind two serious arson attacks which gutted both the home and the Natal University offices of Prof Lawrence Schlemmer, one of South Africa's most respected political scientists over the weekend.

Damage estimated at over R1m (£90,000) was caused to university premises by the fires, which broke out simultaneously in two places while police noted evidence of prior tampering with fire-fighting equipment.

A spray-painted sign reading "No Indaba" was found by firemen on a wall outside Prof Schlemmer's burnt-out offices, which contained over 20 years

closely connected with what is called the "Kwa-Natal" option designed to give blacks a say in the formulation of legislation and policy "at the highest level." Thus far, there have been no takers for the offer which was made at the opening of parliament at the end of January.

Meanwhile, the Port Elizabeth Supreme Court has declared invalid the five-year banning order imposed on the black consumer boycott leader, Mr Michael Jack, by Mr Louis Le Roux, Minister for Law and Order, two weeks ago.

The ban, which enraged local white businessmen as well as local black communities, led to increased tension in the Port Elizabeth area and a decision to resume the boycott of white businesses today.

Malaysian Prime Minister to visit troubled state

BY CHRIS SHERWELL IN KOTA KINABALU, SABAH

DR

Mahathir

Mohamad

is

the

country's

Prime

Minister

is

to

visit

the

state

of

Sabah

today

to

visit

the

state

of

Sabah

to

visit

the

state

of

Sabah</div

OVERSEAS NEWS

Union Carbide agrees deal on Bhopal claims

BY WILLIAM HALL IN NEW YORK

UNION CARBIDE, the embattled US chemicals group, has reached a tentative settlement with the lawyers for the victims of the 1984 Bhopal gas leak in India. If the deal is ratified the company would pay \$350m (£225m) to settle the claims arising from the world's worst industrial disaster.

The settlement, which has yet to be agreed to by the US courts or the Indian Government, marks the first time that Union Carbide has indicated how much it would pay to settle the claims resulting from the leak at its

pesticide plant in December 1984. More than 2,000 people died and over 200,000 were injured after methyl isocyanate gas escaped from a storage tank.

There has been widespread speculation on the size of the settlement and there has been reports that the Indian government was seeking up to \$1bn in damages to cover its costs for providing emergency aid as well as meeting the claims of the injured.

Union Carbide said that the \$350m paid over a period of time would produce a fund for

the victims of between \$500m and \$600m.

In a prepared statement yesterday it said that while it had agreed to go forward with a tentative settlement with the attorneys of private plaintiffs "before the settlement can be concluded, Union Carbide must be satisfied that the claims arising from the Bhopal incident can be resolved with finality."

The Indian Government is a party to the proposed settle-

ment which was hammered out by attorneys representing Union Carbide and the private plain-

tiffs in front of Judge F.

Keenan in the US court of southern New York in Manhattan.

In a bid to force both sides to negotiate and avoid lengthy litigation, the Judge has delayed making a decision on whether the trial should be held in New York or India.

The Indian Government, which has been pursuing a separate law suit on behalf of itself and all citizens of India who were killed or maimed by the Bhopal tragedy, is known to be anxious to have the case heard in the US courts because it believes the size of the award would be greater than if the

case was held in India.

Union Carbide's lawyers are clearly hoping that the Indian Government will drop its claims and support the settlement which is designed to cover all claims against the company.

Union Carbide had \$382m of cash and liquid assets in its balance sheet at the end of 1985 and is thought to have had \$200m of liability insurance at the time of the accident. Wall Street analysts believe that it has sufficient funds to cover the proposed settlement without unduly harming the company's financial condition.

Brazil halts petrol substitution programme

BY ROBERT GRAHAM IN BRASILIA

THE BRAZILIAN GOVERNMENT has frozen development of Proalcool, its costly programme involving the substitution of alcohol for petrol.

No formal decision has been announced but Mr Joao Sayad, Planning Minister, told the FT that the government envisaged a freeze on investment at least until 1989. Since the project's launch in 1975 nearly \$8bn (£5.3bn) had been invested.

Mr Sayad said Brazil would not drop the programme altogether. "We will keep development frozen but we intend to retain the alcohol programme as a strategic asset."

Even before the slide in oil prices, Proalcool had become increasingly controversial. It was criticised for distorting economic development and for expense. Subsidies were costing almost half as much again as the investment.

This would give the US an effective veto right, as it holds 34.5 per cent of the bank's shares.

The question of a capital increase is becoming urgent as the bank's present lending authority runs out at the end of this year. But there seems little chance of an agreement at this week's meeting.

This compares with international oil prices of below \$15 and a maximum cost of domestic crude production from the Campos Basin of \$12. Nevertheless, through subsidies to promote alcohol the Brazilian consumer pays 65 per cent of the petrol price. Thus the public pays just over a third of the real production costs of alcohol.

The programme was developed in the wake of the 1973 oil price rises and before Brazil had discovered crude in substantial quantities offshore. Its expansion was assured by generous incentives to sugar cane producers, distilleries and car manufacturers. Of last year's new car sales, 250,000 ran on alcohol and only 25,000 were petrol engines. Brazil now consumes the equivalent of 131,000 b/d of alcohol and 124,000 b/d of oil.

Agreement with the IMF has already been reached on exchange rate and interest rate policy, leaving only the size of the budget deficit to be decided.

Proalcool employs 700,000 directly and 1m indirectly.

Moscow launches bid for observer status in Gatt

BY WILLIAM DULFORCE IN GENEVA

THE SOVIET UNION is seeking observer status to obtain insight into Gatt activities without any commitment to following its rules.

This suspicion has been voiced in the case of the Soviet Union, whose officials have on several occasions over the past four years raised the question of observer status with Gatt members and the Gatt secretariat.

Mr Pankin admitted yesterday that "some important countries" had not shown the political will to respond to Moscow's wish to become an observer. But the Soviet Union had been encouraged by the positive reaction of many other Gatt members, he said.

China already has observer status in Gatt and has announced that it will apply for full membership. Although China's announcement was received sympathetically by the large Western countries, doubts have been expressed about how China's trading practices can be made compatible with Gatt free trade rules.

Four other East bloc countries—Czechoslovakia, Hungary, Poland and Romania—are already members of Gatt.

Manila begins shake-up of Tourism Ministry

BY FRANK GRAY

THE PHILIPPINES GOVERNMENT has begun a shake-up of its Tourism Ministry in an attempt to boost the flagging fortunes of the industry.

The Government recently announced the appointment of Mr Jose Antonio Gonzalez as Minister for Tourism. He succeeds Mr Jose Aspiras, who stepped down following the recent collapse of the Government of Mr Ferdinand Marcos.

Mr Gonzalez said the departure of Mr Marcos put the Philippines in a good position to "to its tourism industry,"

four deputy ministers and a senior officer in charge. The deputy will be responsible for marketing and promotion, advertising, public relations and tourism.

Foreign revenues from tourism peaked in 1983 at \$484.7m (£310m), compared with \$450.1m in 1981. But they fell sharply to \$365.2m in 1984.

Mr Gonzalez said the departure of Mr Marcos put the Philippines in a good position to "to its tourism industry,"

"Emphasis will be placed on marketing the Philippines as a truly refreshing discovery of people who are friendly . . . and committed to freedom and democracy," he said.

His first move was to appoint

IADB ANNUAL MEETING

Concern over Latin America investment

BY PETER MONTAGNON IN SAN JOSE,

THE CONTINUING stagnation of domestic investment in Latin America is now "a matter of the greatest concern for the future development of the region," the Inter-American Development Bank warns in its annual report published today.

The report, which also discloses a sharp fall in the bank's own loan commitments to Latin America last year, says there has still been no significant recovery in investment spending which is running at 30 per cent below its peak of \$167bn (£115bn) reached in 1980.

Short-term austerity measures forced on Latin American governments by the debt crisis which started in 1982 must now give way to a more orderly economic policy based on

assured investment and financing, it says.

A shortage of local investment in development projects was one of the main reasons behind the fall of nearly \$500m—\$3.06bn in the bank's loan commitments to Latin America last year.

Like the World Bank before it, the Inter-American Development Bank has thus had to reveal a contraction in its own support for developing countries at a time when they are facing deep payments crisis and falling living standards.

Moreover, its annual meeting which opens here today, is likely to see fierce debate over the size of the bank's next capital increase. This will deter-

mine the amount it can lend between 1987 and 1990.

In initial talks here this weekend, the US has made plain that its support for a capital increase is dependent on the Inter-American Development Bank switching to greater lending on programme lending with tough policy conditions attached, in line with the so-called Baker plan for easing the debt crisis.

One senior Latin American delegate said this was "a great shock for the bank" which had traditionally concentrated on lending specific projects and shared involvement in economic policy-making in member-countries.

However, the US delegation, which unusually, is led by a

total requirement for 1986 is around \$4.2bn to \$6bn, but the officials said that even this figure fluctuates from day to day depending on movements in the oil market.

As a result, it has been unable as yet to formulate a full financing programme, though in background comments over the weekend they reaffirmed their determination to seek relief on creditors, as part of this year's package.

This would be one means of avoiding the need to obtain Congressional authorisation for a further increase in the foreign borrowing limit which has

already been set at \$4bn for 1986.

Such a request could run into difficulties as there is growing opposition within Mexico to the idea of running up yet more debt just to offset the fall in oil prices.

The delay in putting this year's financing request to bank creditors means that a principal repayment of \$950m which falls due at the end of this month will almost certainly have to be deferred again temporarily.

This will happen pending a decision on whether it should be consolidated into this year's overall requirement.

However, despite widespread rumours that its reserves are running low, the officials said Mexico has no present need for bridging finance.

One official said negotiations with the International Monetary Fund on an economic programme for 1986—a key element in this year's package—should be complete "within a matter of weeks."

Agreement with the IMF has already been reached on exchange rate and interest rate policy, leaving only the size of the budget deficit to be decided.

Proalcool employs 700,000 directly and 1m indirectly.

MEXICO will hold informal talks with its main bank creditors at the Inter-American Development Bank annual meeting which opens in San Jose, Costa Rica, today, but it is still not ready to make any formal requests for loans to cover financing needs for 1986, senior officials said.

Among factors that have to be decided first is the amount of money Mexico can expect to receive from non-bank sources including governments, the World Bank, the International Monetary Fund and the Inter-American Development Bank.

Mexico has already said its

total requirement for 1986 is around \$4.2bn to \$6bn, but the officials said that even this figure fluctuates from day to day depending on movements in the oil market.

As a result, it has been unable as yet to formulate a full financing programme, though in background comments over the weekend they reaffirmed their determination to seek relief on creditors, as part of this year's package.

This would be one means of avoiding the need to obtain Congressional authorisation for a further increase in the foreign borrowing limit which has

already been set at \$4bn for 1986.

Such a request could run into difficulties as there is growing opposition within Mexico to the idea of running up yet more debt just to offset the fall in oil prices.

The delay in putting this year's financing request to bank creditors means that a principal repayment of \$950m which falls due at the end of this month will almost certainly have to be deferred again temporarily.

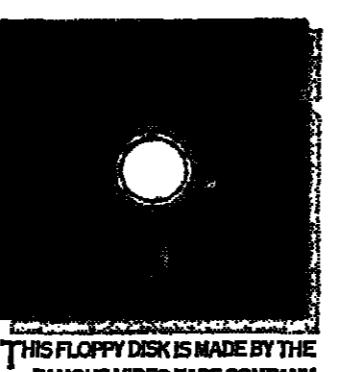
This will happen pending a decision on whether it should be consolidated into this year's overall requirement.

Agreement with the IMF has already been reached on exchange rate and interest rate policy, leaving only the size of the budget deficit to be decided.

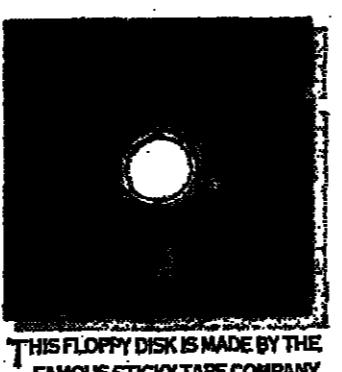
Proalcool employs 700,000 directly and 1m indirectly.



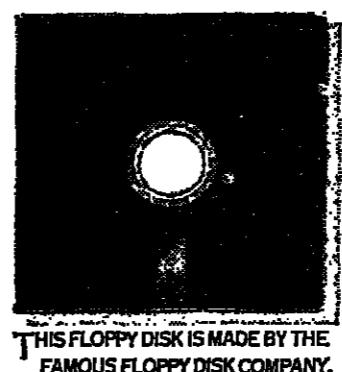
THIS FLOPPY DISK IS MADE BY THE FAMOUS AUDIO TAPE COMPANY.



THIS FLOPPY DISK IS MADE BY THE FAMOUS VIDEO TAPE COMPANY.



THIS FLOPPY DISK IS MADE BY THE FAMOUS STICKY TAPE COMPANY.



THIS FLOPPY DISK IS MADE BY THE FAMOUS FLOPPY DISK COMPANY.

EVERYONE SEEMS TO BE GETTING INTO THE FLOPPY DISK BUSINESS THESE DAYS. THE PROBLEM IS, YOU NEED A LOT OF EXPERIENCE TO GET IT RIGHT.

A DUD NOTE CAUSED BY A FAULTY AUDIO TAPE OR A BIT OF PICTURE DROP-OUT FROM A VIDEOTAPE ISN'T THE END OF THE WORLD.

BUT ANY FAULT, NO MATTER HOW SMALL, ON A FLOPPY DISK CAN DESTROY IRREPLACEABLE INFORMATION FOREVER.

THAT'S WHY EVERY VERBATIM DATA LIFE AND VEREX DISK IS CERTIFIED 100% ERROR-FREE AT THE TIME OF MANUFACTURE.

THAT'S WHY MORE PEOPLE HAVE BOUGHT VERBATIM DISKS THAN ANY OTHER BRAND IN THE WORLD.

THAT'S WHY VERBATIM STICKS TO DOING WHAT IT DOES BEST AND LEAVES THE SONG AND DANCE TO THE OTHER GUYS.

Verbatim.

THE FAMOUS FLOPPY DISK COMPANY.

VERBATIM LIMITED, 12 MOLE BUSINESS PARK, OFF STATION ROAD, LEATHERHEAD, SURREY, KT22 7AQ
TEL: (0372) 377555, TELEX: 592757.

Hill
Ba
ISLAND
Hill Sa

WORLD TRADE NEWS

David Marsh looks at the commercial side of nuclear conflict

UK exporters enter the lion's den

A GRISLY exhibition of heavy-duty tank coverings, wristwatch-style radiation metres and flame-retardant nylon smocks last week at the British embassy in Paris underlined the commercial side of the West's efforts to prepare for nuclear and chemical warfare.

The show, laid on by the UK Defence Ministry's Defence Export Services Organisation and paid for by eight participating British companies, represented a significant effort by the UK to step up exports in a potentially specialised field of military equipment.

The two-day event visited by a stream of top-level French military officials and defence companies attracted a higher attendance than expected.

"We're going into the lion's den," said a top British official, emphasising that the French market for military equipment has traditionally been one of the hardest for British companies to enter.

Mitsubishi in China power deal

A CONSORTIUM comprising Mitsubishi Heavy Industries, Mitsubishi Electric Corporation and Mitsubishi Corporation has signed a contract to sell four coal-fired generating units to two Chinese power stations, Reuter reports from Peking.

The group signed the contract at the weekend with the Huaineng International Power Development Corporation of China. It will supply two units each to the US in Dalian and Fuzhou.

An official of the Import-Export Bank of Japan said the value of the contract was \$375m (£264m).

The bank lent the consortium \$220m to lend to Huaineng at 8.8 per cent interest over ten years, the official said.

Three credit packages totalling \$192m are being formed to fund Chinese coal-fired power plants, Hong Kong bankers said.

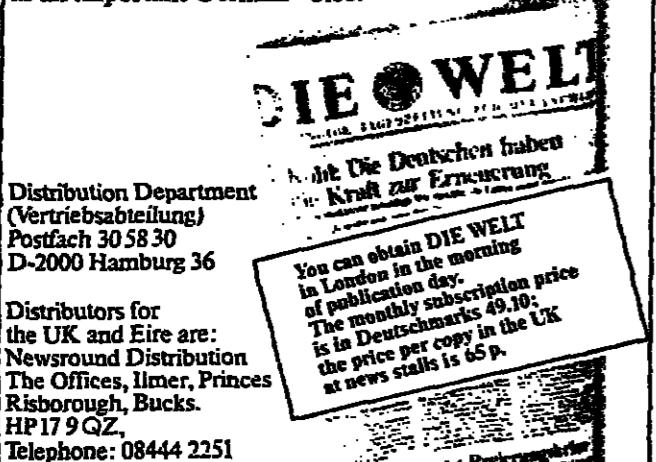
Negotiations for a further \$150m in combined Canadian and US export credits for Huaineng are moving ahead, and syndication of a \$427m credit for Hopewell Power (China) Ltd had begun.

The Huaineng deal is in three parts, arranged and managed by Chase Manhattan Asia and China Development Finance Company (CDF), a bank of China subsidiary.

WHAT IS HAPPENING IN GERMANY? HOW DO GERMANS LOOK AT WORLD AFFAIRS?

The replies to these questions are to be found daily in DIE WELT the German paper of world renown which is published in Bonn, West Germany's capital.

DIE WELT is read in 130 countries and appreciated throughout the world as an important German voice.



Hill Samuel Base Rate

With effect from the close of business on 21st March, 1986, Hill Samuel's Base Rate for lending will be decreased from 12.5% to 11.5% per annum.

Demand Deposit Accounts

Depositors not liable to deduction for basic rate tax
7.69% per annum gross
Depositors liable to deduction for basic rate tax
5.75% per annum net
8.21% per annum gross equivalent
Interest to be paid quarterly and rates are subject to variation

Hill Samuel & Co. Limited
100 Wood Street, London EC2P 2AJ.
Telephone: 01-628 8011.

"We're here to get exposure," was the most frequent comment from the companies displaying wares ranging from radiation and toxic gas detectors to equipment enabling fighter pilots to shake their thirst without harm while flying through fall-out.

The display of defences against nuclear, biological or chemical (NBC) weapons illustrates the seriousness with which British forces—although not, of course, the civilian in the cellar—have already geared up towards the possibility of this type of warfare.

Many of the companies taking part already have their goods in place with armies on the Continent, either through direct sales or, more frequently, through contracts with the US and Britain whose forces are stationed in West Germany.

Greengate, Polymer Coatings, for instance, a subsidiary of the BTR group, featured rubberised impermeable covers for West German Leopard tanks and

personnel carriers.

The company also provides fabric which is made up into mobile hospitals offering 48 hours' NBC resistance for British forces. "The Germans are most forward in protective ideas," said a Greengate salesman.

Now that the French military have abandoned the idea of banking on Germany as a buffer against Soviet attack, France has been taking the threat of chemical warfare much more seriously.

The Lewisham-based Fisher Controls company, which has sold to the UK Defense Ministry 2,500 mobile dosimeter meters and 250,000 dosimeter lockets that can be strapped to soldiers' wrists, sold an initial batch costing about £3,000 each—France a few years ago.

Apparent inability of the French military to develop a comparable home-made version of the Fisher products has spurred the company's hopes of winning a much larger order to bring the equipment into operation with French forces.

Greasey, part of the Cambridge Electronic Industries group, was displaying a portable hand-held instrument for monitoring the presence of nerve and blistering gases.

The company has won an order from the US Defense Department and has units starting trials in Spain. But winning orders from France will be difficult, said Mr Colin Wainwright, military sales manager.

Bondina was showing gas-absorbing charcoal laminates which, combined with Courtaulds fibres designed to give protection from nuclear flash, are made up into clothing for the British forces.

Normalair-Garrett, a Yeovil-based company owned 52 per cent by Westland Helicopters, is at the "firm inquiry" stage of selling its NBC filtration units to Saudi Arabia.

Many of the companies taking part already have their goods in place with armies on the Continent, either through direct sales or, more frequently, through contracts with the US and Britain whose forces are stationed in West Germany.

Greengate, Polymer Coatings, for instance, a subsidiary of the BTR group, featured rubberised impermeable covers for West German Leopard tanks and

personnel carriers.

The company also provides fabric which is made up into mobile hospitals offering 48 hours' NBC resistance for British forces. "The Germans are most forward in protective ideas," said a Greengate salesman.

Now that the French military have abandoned the idea of banking on Germany as a buffer against Soviet attack, France has been taking the threat of chemical warfare much more seriously.

The Lewisham-based Fisher Controls company, which has sold to the UK Defense Ministry 2,500 mobile dosimeter meters and 250,000 dosimeter lockets that can be strapped to soldiers' wrists, sold an initial batch costing about £3,000 each—France a few years ago.

Apparent inability of the French military to develop a comparable home-made version of the Fisher products has spurred the company's hopes of winning a much larger order to bring the equipment into operation with French forces.

Greasey, part of the Cambridge Electronic Industries group, was displaying a portable hand-held instrument for monitoring the presence of nerve and blistering gases.

The company has won an order from the US Defense Department and has units starting trials in Spain. But winning orders from France will be difficult, said Mr Colin Wainwright, military sales manager.

Bondina was showing gas-absorbing charcoal laminates which, combined with Courtaulds fibres designed to give protection from nuclear flash, are made up into clothing for the British forces.

Normalair-Garrett, a Yeovil-based company owned 52 per cent by Westland Helicopters, is at the "firm inquiry" stage of selling its NBC filtration units to Saudi Arabia.

BY DAVID DODWELL IN HONG KONG

THE HONG KONG Government has rejected US calls for new restraints on the export of textiles and garments to the American market.

Mr Hamish MacLeod, Hong Kong's Director of Trade, had held two days of talks with a US textile delegation headed by Mr Charles Carlisle, the chief US trade negotiator.

Mr MacLeod said after the talks that Hong Kong could not accept proposals for garment exports to be pegged for three years at 1985 levels, nor for quotas to come under restraint.

Hong Kong's bilateral textile agreement with the US does not expire until the end of 1987. The call by the US Administration for early renegotiation comes as major textile exporters make final preparations for negotiation of a new Multi-Fibre Arrangement (MFA). The existing agreement expires in July.

At the end of the talks, Mr MacLeod "queried the rationale for selecting Hong Kong for specially restrictive treatment." About 85 per cent of Hong Kong's apparel exports are already subject to quota limits, he said.

The US demands, seen as a response to protectionist pressures there, were incompatible with the progressive liberalisation in textiles trade being sought in the MFA negotiations.

Stranglehold Hong Kong traders have over a large share of the province's fast-growing foreign trade.

The trading group, called the Guangdong Overseas Economic and Trade Corporation, has opened separate subsidiaries operating in New York, San Francisco and Sydney, and is negotiating a new subsidiary in Bangkok.

According to Zheng Le, deputy director of Guangdong's Foreign Economic Relations and Trade Bureau, the corporation is intended to improve awareness inside China of the sorts of products in demand in foreign markets, and quality standards expected of exported goods. It is also expected to lay the foundations of an international marketing network for Guangdong goods.

Until recently, Peking-based trading corporations had a monopoly over China's foreign trade. As the economy has begun to open up, with export promotion being given strong political backing, so this monopoly has been broken down.

A large number of provinces have set up trading offices in Hong Kong, using the enclave as a springboard for trade promotion, but Guangdong's move is understood to be the first by a provincial authority to forge direct links with major trading partners.

SHIPPING REPORT

Opec price talks brighten tanker market outlook

FINANCIAL TIMES REPORTER

OIL PRICE and production negotiations among Organization of Petroleum Exporting Countries ministers helped brighten the market last week. Business was brisk and rates strengthened, even though the talks proved inconclusive.

Shipbrokers E. A. Gibson said that since the oil producers' ultimate aim was to raise prices, probably through restrictions on output, both buyers and sellers seemed eager to move oil cargoes while production remained high and prices were low.

Gibson's also reported tanker fixings continuing rapidly except for owners of very large crude carriers (VLCCs) looking for business in the Middle East.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Despite the activity in most markets, few owners were prepared to venture too far north in the Gulf, where there had been an increase in reports of tankers being damaged in the conflict between Iran and Iraq. Insurance rates are expected to go up soon.

E. A. Gibson reported that the North Sea was still the most active market with a considerable number of vessels finding business at remunerative rates. Rates of Worldscale 75 and 80 have been paid for 80,000 tonnes on "local" business around the UK and the Continent.

For the longer trips to the US, rates had been around Worldscale 57.5 for 85,000 tons.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business while the smaller vessels would benefit further since charterers would be able to obtain only smaller parcels.

Demands for vessels of this size was virtually non-existent, the company said, with most interest focused on 125,000-tonners.

It added that if Opec were to agree on oil production limits, VLCCs would probably find it even harder to find regular business

What's Smarter? Owning Hotels Where People Want To Stay Or Where They Have To Stay?

During the past 10 years, Ladbroke Hotels have become one of the top two hotel chains in Britain.

We've done it by building and buying businesslike hotels that businessmen like.

You'll find us in London, Leeds and Edinburgh, certainly, but we're also in the kind of towns often neglected by the more staid hotel groups.

Watford, Leyland, Teesside, Huddersfield and Hornchurch all feature on our list. (Just as they do on a lot of executives' itineraries.)

Wherever we are, you'll find a good restaurant, comfortable rooms (our Gold Star rooms are really like mini-suites) and a friendly welcome.

All at the right price for the customer - and for us. (Last year, Ladbroke Hotels contributed £20 million to Group profits.)

Of course, we do own tourist hotels as well, but we've found that concentrating on the businessman has been good business.

We've recently opened new hotels at Swansea, Livingston and Basingstoke and we're currently building at Manchester Airport and Portsmouth.

In London, we're relaunching the Curzon in Mayfair and the Sherlock Holmes in Baker Street (where else?).

By next winter we'll have invested £15 million bringing the 22 hotels we bought from Comfort up to Ladbroke standards.

Good news for businessmen, everywhere. Well, almost everywhere.

Ladbroke. The Far From Leisurely Leisure Group.



"Welcome to Hornchurch, Sir."

The directors of Ladbroke Group PLC have taken all reasonable care to ensure that the facts stated and opinions expressed are fair and accurate. The directors accepted responsibility accordingly. One of a series of advertisements from Ladbroke Group PLC. Ladbroke Hotels Central Reservations: Telephone (01) 734 6000.

UK NEWS

Ministers ready to bid for higher spending

BY PETER RIDDELL, POLITICAL EDITOR

CABINET MINISTERS in charge of spending programmes are prepared to challenge the Treasury by putting forward bids for substantial additional expenditure in the run up to the next general election. The election will take place at the latest in the spring of 1988.

The formal process of collating the bids by officials will not start for several weeks, but the informal indications from ministers' comments are that they could total well over £100 billion from the main social and environmental programmes alone.

This is likely to lead to a direct clash with the Treasury during the summer and autumn public expenditure review. In particular, Mr Nigel Lawson, the Chancellor of the Exchequer, appears to be preparing this debate in his budget speech by making further large cuts in the basic rate of income tax, a priority for later budgets, although some spending ministers say this choice is still a matter for discussion and decision.

Other senior ministers argue that it is politically necessary that a sizable proportion of any money available should be used for additional expenditure on education, housing, local authorities, the health and social security.

Some of those ministers concede, however, that in view of the buoyancy of non-oil tax revenue and the forecast strength of the economy, it may be possible simultaneously to increase spending and to reduce income tax in 1987 and 1988. For instance, there is an unusually large contingency reserve of £5.3 billion marked for 1987-88 and £8 billion for 1988-89. Some of this will almost certainly be allocated to particular programmes this year, and the fall in inflation rate also provides more scope.

The view of spending ministers is that the Government is making itself unnecessarily unpopular because of relatively small squeezes on spending. In particular, Mr Ken-

Thatcher 'kept to the rules' on shares

By Margaret van Hatten

REPORTS that Mrs Margaret Thatcher, the Prime Minister, had been trading in shares in her own name in contravention of established conventions were strongly denied by her office at 10 Downing Street yesterday.

A spokesman said: 'We view this as a private matter and the Prime Minister does not wish to make any comment on private matters. However all the rules have been observed. We are very relaxed about these reports.'

Mr Dennis Skinner, Labour MP for Bolsover, has tabled a Commons question calling on the Prime Minister to make a statement about reports that, in August 1983 and October last year, she bought and sold shares in the Australian mining company, the Broken Hill Proprietary, making a £2.300 profit.

The established practice for ministers intended to preclude the possibility of any conflict of interests, is for all their shares to be submitted to a trust during their term of office.

Dr David Owen, the SDP leader, supported the call for a statement from the Prime Minister. He said at the weekend: 'This is not a private matter.'

AFTER the collapse of negotiations for the purchase of state-owned BL's Land Rover-Leyland commercial vehicle operations between the UK Government and General Motors, a bemused executive of the US group said: 'We're the victims in all

Ford of Europe quickly withdrew and is in the process of finalising a different solution to its heavy truck problems: a merger with Iveco, Fiat of Italy's heavy commercial vehicle subsidiary. By the end of 1984 talks between Leyland and Bedford about co-operative ventures had made so much progress that the negotiations were widened to look at a full merger.

While the early talks concentrated on what mutual benefits there might be in putting the truck and van operations together, BL and GM insist that even at that stage GM had to look at the Land Rover business later.

In June 1985 the outline of a deal for trucks and vans had been prepared. Bedford heavy trucks would be replaced by Leyland's new models, launched in the previous four years as part of the group's state-funded £230m investment programme.

GM could see the benefits of taking over the Freight Rover company, which makes Sherpa vans, particularly as both Bedford and Sherpa have to replace their van ranges in 1989-90 and could share the development cost. At that stage GM formally asked to look at the Land Rover company.

By August GM had outlined proposals to buy the whole of Land Rover-Leyland except for bus manufacturing and some overseas companies. The deal could have been completed by Christmas, unbeknown to the Westland factor and might even have been dressed up by the Government as something of a triumph.

GM obviously regrets it did not move faster. Mr Bob Price, the executive vice president of GM's Overseas Group, who headed the negotiating team, points out, however, that 'GM had to look at everything carefully.'

BL executives suggest that GM's bureaucratic structure, where proposals have to make their way through several committees, was to some extent to blame for the delay.

There are also suggestions that GM's financial offer at that time was 'mean.'

Mr Price is well known in Britain from the time, between 1971 and 1979, when he was chairman of GM's Vauxhall subsidiary in the UK which at that time still included Bedford (since stripped out to become part of the US group's world truck and bus group, based at Pontiac, Michigan).

However, he was chosen to head the negotiating team because for more than a year he has been touring Western Europe and talking to the heavy truck manufacturers about the possibility of joint ventures with GM-Bedford.

Meanwhile in the UK everything was on course for the contract with BL to be signed in March. But the political storm broke at the begin-

Kenneth Gooding charts the collapse of negotiations to buy Land Rover-Leyland

The offer General Motors had to refuse



Mr Paul Channon: Stormed out of the discussions

treated equally, this seemed far from the case. On Thursday, March 13, the Government began a series of long negotiations with GM - one session lasting 20 hours - in the search for a compromise over Land Rover.

These talks first came close to breaking down on budget day, Tuesday last week. GM said it was willing to consider taking only 49 per cent of Land Rover but insisted on an option to take full control later on because a great deal of capital would have to be injected into Land Rover, particularly for the Sherpa van operations. GM's refusal to budge on this point caused Mr Channon to storm out of the meeting.

The Government, however, asked for more talks the following day and at one stage introduced another suggestion - it might be possible to allow GM to have 100 per cent of Land Rover if GM would agree to a supervisory board being set up to make sure it stuck to assurances and undertakings it was willing to give.

On Thursday last week some Conservative ministers were claiming the 49.51 per cent deal was in the bag. So it came as an enormous shock to GM's negotiators when they were called back by Mr Channon at 5 o'clock last Friday to be told Land Rover was being removed from the deal and the negotiations collapsed.

Pickets stand firm by the Fortress

By HELEN HAGUE

OUTSIDE "Fortress Wapping" on Saturday night, a clump of dismissed Sun newspaper compositors chanted a "teller's variant" of the striking miners' "Here We Go" anthem. "Here We Stay, Here We Stay, Here We Stay", they belted out just before midnight.

In attempting to mount an effective mass picket of the fortified News International (NI) printing works, in London's docklands "standing firm" has to be a physical imperative, not just a piece of conference room rhetoric.

Picketing of the so-called picket-proof plant has become especially heavy and hostile on Saturday evenings when attempts are made to disrupt the delivery of the Sunday Times and News of the World. This is in protest at the loss of some 5,000 print jobs without compensation when NI switched publication of its national titles from central London to the high-technology Wapping plant.

Last weekend, the trucks contracted to deliver the Murdoch titles were held back until 2.30 am on Sunday - a delay of up to five hours which the unions believe had a significant impact on distribution outside the London area.

Early last Sunday morning the convoy left at 1.30 am, after the police outflanked the pickets' strategy of attempting to seal off access roads from the plant.

Identifying a weak spot - less than 50 pickets at King David's Lane, a northerly offshoot of The Highway, the main thoroughfare - police on horseback swiftly cleared the road before the lorry run.

Further to the east, the NGA

£140 million lost last year - just to fund expenses.



Introduce the American Express Corporate Card System.

It's a sobering thought, but at any given moment last year, no less than £1,080 million of British companies' money was in employees' hands as cash advances for travel and entertainment expenses.

The cost of providing these advances came to £140 million. Lost profits. Money that's simply disappeared.

The American Express Corporate Card System practically does away with cash advances. Expenses only need to be paid for after they've been incurred. In the meantime, the money's yours to use more profitably.

Your employees need very little cash because they have the American Express Corporate Card. They can sign for almost all their needs. They use the Card. You get the control from knowing exactly who's spent what, where and when.

The American Express Corporate Card System provides greater efficiency in expense management together with real economies. Find out more about it. Contact American Express Travel Management Services. The division

of American Express that exists to help you plan, manage, and finance and operate your company's business travel with the maximum returns. And the lowest costs.

*Source: Business Travel and Entertainment Expenses in Britain (1985).

To: Travel Management Services, American Express Europe Limited,

2/3 Cursitor Street, London EC4A 1LX.

Please send me a full information pack on the Corporate Card and the American Express approach to more efficient business travel management.

Name _____

Company _____

Address _____

Tel: _____



American Express Europe Limited, incorporated with limited liability in the State of Delaware, USA

lead for the Labour candidate, Mr Nick Raynsford.

A Gallup Poll, conducted last week and published in the Sunday Telegraph, puts Labour at 43.5 per cent, followed by the Tories at 35.5 per cent and the Social Democratic/Liberal Alliance at 20.5 per cent.

The figures reinforce a trend shown in a nationwide poll published in the Daily Express on Saturday giving Labour 39 per cent, the Tories 35 per cent and the Alliance 25 per cent.

It says the Overseas Development Administration should set up a unit with specific responsibility for promoting privatisation in the developing world.

Specialist teams, comprising government officials and executives seconded from the City of London and newly privatised UK companies, should be established to advise countries on the sale of state bodies.

OPINION polls in the Fulham (West London) by-election, to be held on April 10, indicate a clear

UK NEWS

CALL FOR LIFTING OF LEGAL RESTRICTIONS ON INDUSTRIAL ACTION

Labour presses for right to strike

BY DAVID THOMAS, LABOUR STAFF

THE LABOUR PARTY is calling for the removal of all legal restrictions on the right to strike in a paper to be considered at today's meeting of the Trades Union Congress (TUC) - Labour Party liaison committee.

The Labour Party has drawn up a discussion paper on the right to strike as part of the exercise now under way in the labour movement of considering legislation to replace the Conservative Party trade union laws.

The paper says: "We need to provide a right to take industrial action irrespective of its purpose, and to protect it against all forms of legal liability."

It argues not just that the restric-

tions passed by the Conservative Government on the ability of unions to strike should be swept away, but that the law as it existed under the last Labour Government was too restrictive.

It says: "The 1974-76 legislation contained serious shortcomings in the scope it afforded to lawful industrial action."

Several examples are given of industrial action which were not immune under the pre-1979 legislation, including strikes to further political objectives, strikes over issues of "management prerogative" and strikes not related to a trade dispute.

The paper suggests that a union's

ability to strike and be immune from civil redress should be extended to cover all these examples.

It is unsure about whether the pre-strike ballot provisions of the 1984 Trade Union Act should be completely dropped, but it says that employers should not be able to bring actions for injunctions and damages under these provisions.

"This should be dealt with separately from the right to strike, so that only union members themselves can enforce the right to hold a ballot," the paper argues.

It also proposes that strikers should be eligible to receive full supplementary benefit and that dismissing workers for going on strike - an issue given prominence by the

present London newspaper dispute - should be automatically unfair before an industrial tribunal.

The paper cuts through the debate that dominated the TUC conference last week about whether labour law should be based on traditional immunities from civil action or on a new legal framework of positive rights.

It is suggested that there should be a new positive right to strike which would be immune from all civil liability.

The purpose of combining the positive rights and immunities approach is to give maximum assurance that industrial disputes will not land up in the courts.

Rail buffs open fight to defend their shrine

By David Brindle

THE GRAMMAR school at Appleby, in the isolated Cumbrian town in north-west England, more usually noted for its annual gipsy horse fair, today hosts the first of a month-long series of public hearings on a plan that strikes dread in the hearts of locals, rail-buffs and incurable romantics alike.

Such is resistance to the plan that it has taken British Rail more than two years to get it even as far as the hearings. At last count, there were more than 22,000 human objections, plus a border collie cross called "Ruswarp" (pronounced Rusty in these parts, it seems).

Ruswarp, like the other fare-paying passengers, doggedly opposes BR's intention to close the 72-mile rail link between Settle, West Yorkshire, and Carlisle, Cumbria. It is regarded as the holiest of rail enthusiasts' shrines.

In the words of the late Mr Eric Treacy, the "railway bishop" of Wakefield, the spectacularly beautiful line ranks with York Minister and Hadrian's Wall as one of the three wonders of northern England. Even BR itself has called it "England's greatest historical scenic route."

Built by the former Midland Railway to match two rival main lines into Scotland, the Settle-Carlisle cuts straight through the bleak Pennine wilderness in an extraordinary triumph of Victorian engineering and sheer bone-headed determination involving 325 bridges, 14 tunnels and 17 major viaducts.

Ribblehead, the premier viaduct of 26 arches, near Settle, has become the line's Achilles heel. Although BR has recently reduced its estimate for essential repairs from £4.5m to £2.6m, it still says that the capital outlay cannot be justified and that at least £10m would be required to rehabilitate the route overall.

Today's hearing, held by the local transport users' consultative committee, can strictly speaking not evidence only of hardship likely to be suffered in the event of closure - a constraint which has led to pressure for a full-scale public inquiry.

Some former British Rail hotels have refused to honour redundancy and sick pay agreements, the TUC claims, while bidders for British Shipbuilders yards are not prepared to continue the industry's redundancy scheme.

On industrial relations and union facilities, the TUC says it has found less consultation at Amersham International, the nuclear fuels group. British Telecom has introduced a more hostile industrial relations climate, it says, with a review of many collective agreements, the withdrawal of some closed shops and less information.

Hounsdown has refused all union recognition. Wytch Farm, the onshore oil operation, has withdrawn a union membership agreement, and British Airways has been trying to reduce time off for union work.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

'Worse deal' for workers in privatisation

By Our Labour Staff

PRIVATISATION opens up "better pay, conditions and employment opportunities for the employees." So said Mr John Moore, Financial Secretary to the Treasury, in one of his many speeches on privatisation.

Not so, according to the Trades Union Congress (TUC). It has circulated a dossier, so far unpublicised, to its member unions setting out how workers and their unions have done badly out of privatisation.

The TUC claims to have detected worse conditions in companies either privatised or about to be privatised. It says there has been significant job shedding in privatised companies or candidates for privatisation.

Worse pension schemes have been introduced at British Airways, in divisions sold by British Steel and in some former British Shipbuilders' yards. They are also threatened in National Bus and the Royal Ordnance (arms) factories, the TUC says.

Some former British Rail hotels have refused to honour redundancy and sick pay agreements, the TUC claims, while bidders for British Shipbuilders yards are not prepared to continue the industry's redundancy scheme.

On industrial relations and union facilities, the TUC says it has found less consultation at Amersham International, the nuclear fuels group. British Telecom has introduced a more hostile industrial relations climate, it says, with a review of many collective agreements, the withdrawal of some closed shops and less information.

Hounsdown has refused all union recognition. Wytch Farm, the onshore oil operation, has withdrawn a union membership agreement, and British Airways has been trying to reduce time off for union work.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

Objectors want a forum at which they can question the very basis of BR's closure case, arguing that the line has been systematically starved of investment and traffic.

That revenue is now more than covering operating costs and growing faster than any other route in BR's provincial sector, and that the Settle-Carlisle is a vital diversionary route for the east and west-coast Scottish lines.

Ultimately, though, it may be political considerations which weigh heaviest; objectors point out that five Conservative MPs' constituencies lie along the course of the line, all potentially vulnerable to a backlash, if closure goes ahead.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

AT 7 am on most weekdays Philip White leaves his home in the semi-industrial town of Warrington and points his company car down the motorway towards Manchester.

Within 45 minutes the Ford Granada is parked alongside Mono Pumps factory in the red brick east Manchester suburb of Ashton-under-Lyne and its general works manager is already on the shopfloor.

The car drive and early morning walk among the men and machines that engineer the site's yearly production of 20,000 industrial pumps are reassuring routines in a business where nothing stands still for very long.

The demands of the modern industrial manager, the subject of scores of glib reports from the pens of management consultants, come alive every morning on the 11-acre site of Mono and at other honest engineering ventures like it.

As a busy manager at Britain's industrial coalface White has been at the eye of a whirlwind for more than half a decade. Like many of this unusual breed who typically earn a relatively modest £20,000 to £25,000 a year, change, recession and competition make the business of earning a living particularly stressful. White and his colleagues shoulder a breadth of responsibilities that would send many managers in less pressured industries rushing for tranquillisers.

At 43 White has worked in industry since leaving school in Widnes but he witnessed nothing like the past six years. Having been a £3 a week technical apprentice at an English Electric (GEC) locomotive plant, becoming an assistant works manager there at the age of 28, change usually arrived in a trickle. Since 1980 it has been a deluge.

With the assistance of colleagues he has taken responsibility for instituting three bouts of redundancies, cutting the workforce in half to 450 people. He is the company's principal wage negotiator and experienced the 1981 talks slipping into a difficult one-month strike. He has been the main motivator in a wholesale reorganisation of production, leaving only one of the site's 150 machines in the same place it occupied before reorganisation started. It is his job to put to the board the annual investment and re-tooling programme.

Fronting the role of new broom sweeping away the plant's old culture has also fallen to him. Stripping away the hierarchy of castes, moving towards single status for staff and blue collar workers, installing "clicking on" computerised data system for all employees, introducing shift



Philip White: "I enjoy my job but I can't imagine situations being much tougher" *Mike Aron*

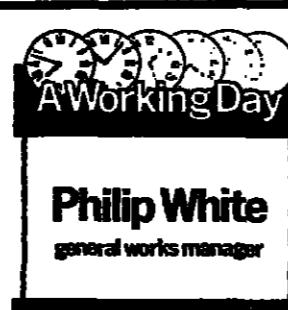
Eye of a whirlwind

In the first of an occasional series, Nick Garnett talks to a senior executive of the UK engineering company, Mono Pumps

changes in the stores, engineering and rubber shops and bringing in greater labour flexibility have all started as jolts on the desk pad in his rather bare functional office. Its walls are relieved only by aerial photos of the site. All that is in addition to White's basic managerial responsibility for getting deliveries out on time in an industry where the once cosy relationships between producers and their markets have crumbled.

Stressful situations come thick and fast. I enjoy my job but I can't imagine situations being much tougher," he says. "A manager in manufacturing, especially on the production side, is going to be under pressure and that is unremitting because every week, every month there is going to be a need to address problems associated with getting production through and on time."

No one can do these jobs on their own and White has a managing director above him on site and six managers under him responsible for individual departments and working areas. But White works in a world where you have to be conversant with such machine tools as the latest Yamaoka turning centres while feeling the pulse of the plant and ensuring that the Coal Board, regional water authorities and all the other customers get what they want day in, day out. As a board director, White carries the can if anything goes seriously wrong within Mono's



stern-looking perimeter walls. A recent typical end of week day went thus: After the early morning shopfloor tour White was in his office by 8.45 am sifting the mail and downing the first cup of tea. The one pressing matter in the post was to Mono's request to buy a piece of land. White must prepare a report on the negotiations for the board meeting the following Monday. The other urgent issue was the preparation of a new set of production monitoring measures by the end of the shift.

By late morning White was chairing a production meeting with such machine tools as the latest Yamaoka turning centres while feeling the pulse of the plant and ensuring that the Coal Board, regional water authorities and all the other customers get what they want day in, day out. As a board director, White carries the can if anything goes seriously wrong within Mono's

trial relations for the local association of the Engineering Employers' Federation. Six former employees are claiming unfair selection in the company's redundancy programme and the company's position is to be defended by White at an industrial tribunal.

After lunch White was locked in talks with the plant convenor and shop stewards chairman; apprentice training and overtime in the packing department was on the agenda.

Fridays are often rounded off with a meeting on the company's capital programme; the burning issue of the moment centred on a £200,000 automated steel bar store and sawing facility and the need to change the supply of bar. But there was no time for that.

The past few years have materially affected some of White's views. The shopfloor has shown more flexibility than he once thought possible. Much less convinced now about the Conservative Party for whom he voted at the last General Election, he will probably vote SDP in the next.

I am pessimistic about

manufacturing in Britain. All

I see is decline. I cannot for the

life of me see how we are going

to support our standard of

living."

Perks for White are largely

confined to the car (top of the

range Ghia but with the

smallest 2 litre Granada engine)

and BUPA membership. No

expense account her, no bulg

ing cocktail cabinet, just 33 days holiday including statutory breaks, a maximum of 45 minutes for lunch and subsidised food in the canteen. "Salaries are not as good as higher prestige careers or the services. It's disappointing when manufacturing is not seen as important to us as a nation.

"Where the Tories have done a good job is in bringing home the realities of the competitive world. But the decline of manufacturing on such a large scale is very worrying to me. That's been a hell of a price to pay. What I'm not sure of was whether that was necessary to get realism. I think some of their policies have put many good companies to the wall and I can't detect anything they are doing to help a company like this increase its business."

Now is White sure whether the quality of the British manager is improving. "Do you know I just don't know. We are lucky to have a good team here. I have a feeling that other manufacturers are not addressing the problem with the same sort of enthusiasm. I am trying to give deliveries now to the customer which are better than the deliveries I'm getting from suppliers. That can't be right."

White pays tribute to the workforce and the AUEW whose convenor he tries to see at least once a week. He is all too aware though of the late starting and long boozey lunches still endemic in some sectors of business, though not so much in manufacturing. "I think 'disgust' is too strong a word for my feelings about that but I just don't see how you can operate in that manner. If you come in late in the morning at nine or ten o'clock how can you expect to maintain discipline and enthusiasm of subordinates and those on the shop floor?"

There is no let-up on the cards for White and his fellow managers. Manufacturing of pumps has become increasingly competitive as the old system in which individual companies treated their markets as virtual fiefdoms disintegrates. For the so-called positive displacement progressive cavity pumps made at Audenshaw competitors like Netzsch, PCM and Seepex claw for business. The big pump maker Worthington Simpson has just entered the same market which is already under attack from different technology like air operated diaphragm pumps. At least Audenshaw is comforted by being part of the Mono group, a Gallaher subsidiary.

Will White's son, now doing his A-levels, provides some family continuity in manufacturing. It does not seem likely.

"I'm encouraging him to be an accountant," says White.

Annual hours

A yearly rate for the job

David Thomas explains a new approach to working time

ALMOST unnoticed some companies are abolishing overtime. They are doing so as part of a radical overhaul of their working time known as "annual hours".

The annual hours approach means that working time is fixed by the year (for instance, 2,250 hours) rather than by the week (for instance, 39 hours). Typically, the annual hours an employee is contracted to work are split into two parts: the larger chunk which is worked in set shifts; and a smaller part which is worked at management's discretion subject to certain limitations, to cover tasks normally done by overtime.

In effect, the functions covered by overtime are built into a standard working contract. This often involves higher basic pay.

In having to think through this complete reformulation of their employees' attendance at work, managers have been able to tackle a range of issues that have been bothering them. Some of these emerged at a seminar on annual hours recently organised by the Industrial Society and attended by managers from more than 30 companies.

In a joint presentation, Gerry Woodcock, personnel manager, and Bill Patterson, shop stewards' chairman, explained the pressures which led to the introduction of annual hours by Thames Board, a Unilever subsidiary, into its Wokingham plant.

"The unions started pushing for reduced working time and we were aware that our competitors in Scandinavia were cutting their working hours," Woodcock explained.

This was particularly problematic in an industry like paper and board which needs a fixed shift system to ensure the continuous working essential to it.

Bill Patterson took up the story. "Our members were starting to press for a big increase in basic pay. Because people couldn't live on basic pay, they were depending on overtime."

Woodcock for Thames Board added that because of this the company was vulnerable to any ban on overtime, which was running at more than 20 per cent of basic hours.

The company reckoned that

tinkering at the edges would

not deal with such problems.

It decided on a complete rethink of its working time.

It decided, at achieving several

objectives, including a minimum

of 2,250 hours, to eliminate the

traditional notion of overtime

by dividing its workers' 2,250

annual hours into 2,028 rotted

hours and 223 flexible

hours worked at management's

discretion within certain limita-

tions. Blue Circle is already

completing some tasks up to 50

per cent faster now that their

payment does not depend on

the length of attendance at

work.

The idea of annual hours was

introduced into Britain by the

paper and board industry on the

basis of Scandinavian experience.

An agreement was signed

between the Paper and Board

Industry Federation (PBIF)

and the unions in the industry

in 1982 which provided a frame-

work for mills wanting to intro-

duce annual hours.

The PBIF reckons that about

16 mills now operate the system,

though the number is increasing

consistently. The Industrial

Society, which is monitoring the

spread of the idea, knows of about

25 companies which are trying

annual hours, including some in the paper, concrete, glass, can, chemicals, oil, tex-

tile and pet food industries.

Interest so far has been

greatest in continuous process

industries, though the Industrial

Society believes that companies

in engineering and in distribution

are beginning to wake up to the idea.

Most companies too have introduced annual hours only for their manual workers, leaving the hours worked by their white collar staff unaffected.

But Philip Lynch, a consultant

in advising companies on the intro-

duction of annual hours, told the Industrial Society conference that all companies are being affected by the pressures

which have led some down this

path—pressures like cuts in

working time, moves towards

staff status among manual work-

ers, the need to cut overtime

and the trends towards greater

labour flexibility.

Lynch said: "Annual hours

has been associated with contin-

uous process, shift working indus-

tries, where rosters have to be

fixed a year in advance. In

my view, the concept has more

potential in industries where

greater variation in rosters is

possible."

Avis Card turns this into the fastest car you can rent.

With an Avis Card, you can rent a car in 30 seconds. Just show us your card and we'll give you a car.

It's that easy. And it's that fast. Just show us your card and we'll give you a car.

It's that easy. And it's that fast. Just show us your card and we'll give you a car.

It's that easy. And it's that fast. Just show us your card and we'll give you a car.

It's that easy. And it's that fast. Just show us your card and we'll give you a car.

It's that easy. And it's that fast. Just show us your card and we'll give you a car.

It's that easy. And it's that fast. Just show us your card and we'll give you a car.

It's that easy. And it's that fast. Just show us your card and we'll give you a car.

It's that easy. And it's that fast. Just show us your card and we'll give you a car.

The Avis Card is quite simply a method of eliminating a lot of tedious questions, so we get you to your car faster.

Only Avis can offer you this service.

But it's not just our speed that's made us the largest car rental company throughout

Europe, Africa and the Middle East (around the world we're represented in 126 countries and at more than 1,100 airports).

We may have the only direct world-wide computer link in car rental. But we still owe a lot to three simple words.

We try harder.

If you wish to receive the Avis Card with your personal Wizard Number, please complete and

THE WEEK IN THE COURTS

Own land in the great American West

America. More than two hundred years old and still waiting for many people to claim their share of it. For themselves and for the future of their families. Imagine one of the most beautiful landscapes in the world and what it could mean to have part of it for your own.

What more perfect way to stake your claim than by purchasing five glorious acres in the Colorado Rockies for yourself and those you love. At Sangre de Cristo Ranches you can still own a sizeable piece of America at a very modest cost and on easy credit terms. This is scenic land in one of the fastest-growing states in the USA, a piece of the unspoiled, romantic old Southwest.

Sangre de Cristo Ranches is a subsidiary of Forbes Inc., publishers of the highly respected American business and financial publication, FORBES MAGAZINE. The land being offered for sale to you is a part of the huge 258,000-acre Forbes Trinchera Ranch, one of the oldest of the remaining big ranches in America. A sportsmen's paradise in all seasons for hunting, fishing, riding, hiking and boating. With fine skiing less than 50 miles away, the ranch ranks among the world's best-known preserves for deer, elk, game birds and other wildlife.

You can own majestic mountain views of Trinchera Peak and Mount Blanca (higher than Pikes Peak) which stand as silent sentinels protecting the rolling foothills and

valley that make up our Sangre de Cristo Ranches.

The land lies about 200 miles southwest of Denver, just east of US Route 160... the Navajo Trail. Its town is historic Fort Garland, the last command of Kit Carson.

For as little as \$4,500 total cash price you can purchase your own 5-acre Sangre de Cristo Ranch, with payments as low as \$45 monthly.

Important money-back and exchange privileges backed by FORBES MAGAZINE's distinguished reputation have contributed much to the great success of this unusual land offering.

Five or more acres of this land can be yours. Every year terms available.

For complete details on this wonderful opportunity, without obligation, please fill in and mail coupon today.

FORBES EUROPE
SANGRE DE CRISTO RANCHES INC.
P.O. BOX 98
LONDON SW11 3UT
ENGLAND



Name _____
Address _____
Telephone _____ 8673

Obtain the Property Report required by Federal law and read it before signing anything. No Federal agency has judged the merits or value, if any, of this property. Equal Credit and Housing Opportunity

DAI-ICHI KANGYO BANK
DKB ECONOMIC REPORT
March 1986: Vol. 15, No. 3

Japanese economy at a standstill by the yen's sharp appreciation, contrasting pickup in U.S. economy

The U.S. economy has been gaining momentum, although it had been slowing since the second half of 1984 because of the adverse effects of high interest rates and the strong dollar.

Renewed upswing in U.S. economy

Industrial production recorded a 1.5 per cent year-to-year gain in the fourth quarter of 1985, after a 1.2 per cent rise in the third quarter. On a monthly basis, production hit the bottom in July 1985 with a 0.5 per cent gain and registered a 1.9 per cent increase in December. Operating rates also have been steadily rising since November.

Corporate earnings saw a gain of 1.0 per cent in the third quarter of 1985, up from a mere 3.7 per cent in the preceding quarter. Mirroring the recovery in corporate earnings, businesses stepped up their plant and equipment investment in the fourth quarter.

Capital spending in the fourth quarter increased at an annual rate of 10.3 per cent from the preceding quarter on a GNP basis, compared to a 2.4 per cent gain in the third quarter.

New orders for non-military capital goods, a leading indicator of private plant and equipment investment, hit the bottom in the second quarter of 1985, recording a 4.3 per cent year-to-year drop. They registered a 1.5 per cent gain in the third quarter and a 6.7 per cent increase in the fourth quarter. Private plant and equipment investment is very likely to further expand.

The turnaround of the U.S. economy is attributable mainly to the lowering interest rates.

Taking the 30-year long-term Treasury bond as the measure, interest rates (yields) rose to as high as 13.4 per cent in June 1984, which declined to 10.5 per cent in June 1985, representing a fall of 3 percentage points in a year. The effect of the lowered dollar cannot be overlooked. The U.S. currency rapidly de-

preciated against other major currencies in the wake of the September 1985 agreement of the Group of Five industrial nations, although the effective exchange rate of the U.S. dollar had begun to decline since spring 1984. A weaker dollar halted the downward trend in American exports and this helped push up production in the second and third quarters. Employment gains generated income growth for consumers. The increase in personal income rose to 5.4 per cent in the fourth quarter from 4.9 per cent in the third quarter. Personal consumption spurred in the third quarter as automakers carried out sales campaigns by offering low-interest loans. It slowed down in the fourth quarter in a reactionary move. Reflecting an increase in income, however, personal consumption is likely to increase in the months to come.

The U.S. economy, bottomed out in mid-1985, now seems to be on an expansionary trend. Whether or not the growth will be sustained in the long haul depends largely on the reduction of budget deficit.

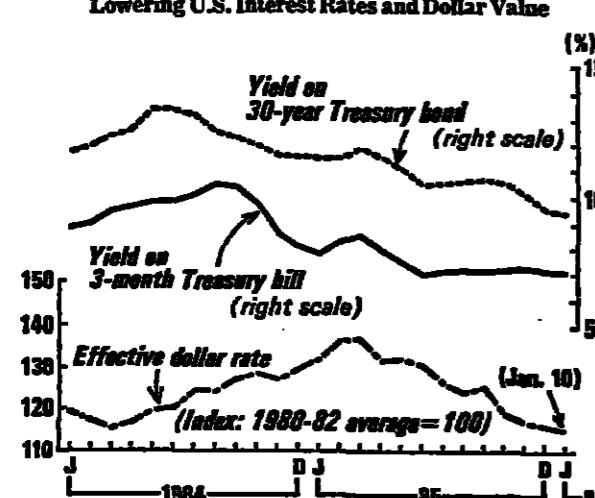
As for the Japanese economy, Japan ran a record trade surplus of \$56 billion in 1985. The nation's export value in terms of the dollar has continued to expand since October 1985 because yen-denominated Japan's exports get inflated upon translation into dollar.

Contracts denominated in yen account for 40 per cent of Japan's total exports. In volume, exports have been slowing down, registering gains of 2.5 per cent in October and 1.3 per cent in December from 8 per cent in June.

Lowering of interest rates will stimulate corporate plant and equipment investment as

volume have been decelerating

Lowering U.S. Interest Rates and Dollar Value

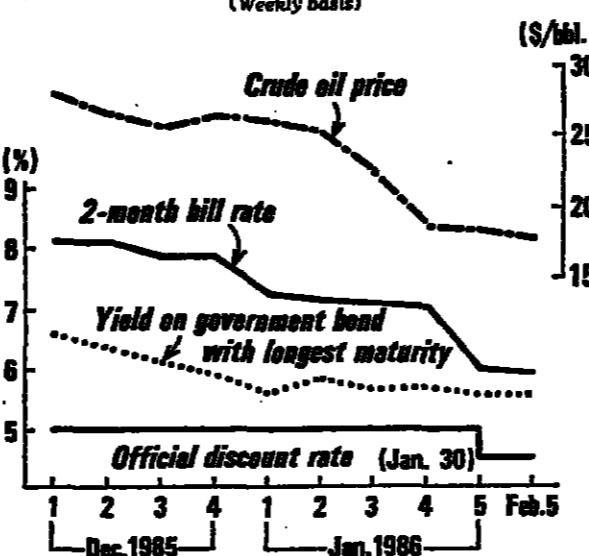


Note: Monthly average. Effective dollar rate is based on Morgan Guaranty Trust Company of New York, World Financial Markets.

London Branch: 4th & 5th floors, P&O Bldg, Leadenhall Street, London EC3V 4PA, England
Tel. 01-283-0929 Subsidiary in London: Dai-ichi Kangyo International Ltd, Garden House, 18 Finsbury Circus, London EC2M 7BP, England Tel. (01) 920-0181 Associated Companies in London: Associated Japanese Bank (International) Ltd, European Brazilian Bank Ltd, International Mexican Bank Ltd.

Head Office: 1-5, Uchisaiwaicho 1-chome, Chiyoda-ku, Tokyo 100, Japan Tel. (03) 598-1111 Branches and Agency in: New York, Los Angeles, Chicago, Panama, Düsseldorf, Tel Aviv, Seoul, Singapore, Hong Kong, Representatives Offices in: Houston, San Francisco, Atlanta, Toronto, São Paulo, Mexico City, Caracas, Buenos Aires, Frankfurt, Paris, Madrid, Stockholm, Bahrain, Jakarta, Kuala Lumpur, Bangkok, Beijing, Shanghai, Guangzhou, Sydney, Melbourne, Subsidiaries in: Los Angeles, Toronto, Amsterdam, Zurich, Hong Kong, Sydney Associated Companies in: São Paulo, Hong Kong, Bangkok, Singapore, Kuala Lumpur, Jakarta, Brunei

Lowering of Official Discount Rate and Declining Crude Oil Prices
(Weekly basis)



Notes: North Sea Brent spot for crude oil prices. End-of-week rates and prices for interest rates and crude oil.

since early 1985 along with the slowdown of the U.S. economy. This trend continued unchanged through the last quarter of 1985. On top of that, the yen's sharp appreciation has given a drag to the Japanese economy. Production further deteriorated, centering on export-dependent industries. Mining-manufacturing production in the fourth quarter of 1985 recorded a mere 1.2 per cent gain, which in turn adversely affected employment. The number of the employed in the manufacturing industry has been decreasing year-to-year since last August. The Japanese economy affected by a steep surge in the yen is in the adjustment process.

The U.S. economy, bottomed out in mid-1985, now seems to be on an expansionary trend. Whether or not the growth will be sustained in the long haul depends largely on the reduction of budget deficit.

As for the Japanese economy, Japan ran a record trade surplus of \$56 billion in 1985. The nation's export value in terms of the dollar has continued to expand since October 1985 because yen-denominated Japan's exports get inflated upon translation into dollar.

Contracts denominated in yen account for 40 per cent of Japan's total exports.

In volume, exports have been slowing down, registering gains of 2.5 per cent in October and 1.3 per cent in December from 8 per cent in June.

Lowering of interest rates will stimulate corporate plant and equipment investment as

volume have been decelerating

Talk it over with DKB.
The international bank
that listens.



We have your interests at heart.
DAI-ICHI KANGYO BANK
www.dkb.com

The next DKB monthly report will appear Apr. 25.

Hailsham may fall foul of growing requirement for consultation

THE Lord Chancellor is on the brink of being the latest ministerial casualty of a development by the courts in recent years of an aspect of public law.

The Divisional Court is to resume today the hearing of the Bar's case against Lord Hailsham in which the barristers' professional organisation is claiming that it had a "legitimate expectation" to be consulted and to negotiate over the level of fees to be fixed for criminal legal aid.

The Lord Chief Justice has already given the sharpest indication that Lord Hailsham is in danger of being told that he and his department must not comply with the law's requirements of consultation.

The duty of a minister to consult may be required by the terms of a particular statute. For example, since the Local Government, Planning and Land Act 1980, the Environment Secretary has been under a specific duty to consult with local authorities over the operation of the rate support grant from central government. The minister has to take positive steps to inform the local authorities of how he is proposing to exercise his powers and to listen to any representations over the proper procedural hoops.

The requirement of consultation is never to be treated perfunctorily or as a mere formality. The local authority must know what it is that the minister proposes. It must be given a reasonably ample and sufficient opportunity to express its views or to point to problems of unaffordability. It must be free to say what it thinks and the minister must take those views into account when he exercises his statutory powers.

There is an underlying principle that the Crown through its minister cannot be prevented in law from exercising its powers when it is doing so in the proper exercise of its duty to set for the public good. That is so even if this may work some injustice or unfairness to the private individual.

Parliament has in effect left it to the minister to determine whether the balance of interest lies between the public good and the individual citizen. The court, however, will intervene

when the minister is not properly performing the procedure that is laid down to "decision-making". If the minister does not comply with what the US courts have called "due process", the courts will protect the individual affected by the decision.

If the minister has not consulted the relevant persons or bodies, and the failure causes unfairness to the individual concerned, the courts will be asked to fix the level of fees to be paid for criminal legal aid.

THE Second World War every detail of the conditions of service of those working at GCHQ had been fully discussed within the Whitby Council machinery at both national and local level.

Therefore, there was every reason for the unions to expect that a proposal to ban trade union membership would be discussed before the power to ban was legally legalised.

The supreme advantage of the concept of prior consultation is to recognise that those outside government should be allowed to play some role in shaping government policy in a wide range of administrative action. The Lord Chancellor rendered himself exposed to just such a process, and any failure to comply with the process of negotiation over legal aid fees invited intervention from the courts.

Whether the Divisional Court this week finds that Lord Hailsham has fallen foul of this fast-developing area of public law remains to be seen. At all events the forensic exercise, however unpleasant or unseemly it may appear, will be a salutary lesson to those who administer the organs of government.

Justinian

CRAWFORD'S City Changes

The City's only deregulation newsletter

THIRD ISSUE OUT NOW

Get up to date with what's really going on in the City.

Who's picking up new clients? How are the new financial conglomerates restructuring themselves?

What can you learn from the Japanese securities houses?

Call Janet Dignan on 01-998 0783 for your personal copy

Or call 01-998 0783 and get your free Big Bang chart showing who's moving where, with whom and when.

The Economist

PUBLICATIONS

40 Duke Street, London W1A 1DW

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE LOANS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALINGS IN THE LOANS ON THE STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON MONDAY, 24th MARCH, 1986.

ISSUES OF GOVERNMENT LOANS

The Bank of England announces that Her Majesty's Treasury has created on 21st March 1986, and has issued to the Bank, additional amounts as indicated of each of the Loans listed below:

£150 million 9 per cent TREASURY LOAN, 1994

£150 million 8% per cent TREASURY LOAN, 1997

£100 million 8 per cent TREASURY LOAN, 2002-2006

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Loan on 21st March 1986 as certified by the Government Broker.

In each case, the amount issued on 21st March 1986 represents a further tranche of the relevant Loan, ranking in all respects pari passu with that Loan and subject to the terms and conditions applicable to that Loan, and subject also to the provision contained in the final paragraph of this notice; the current provisions for Capital Gains Tax are described below.

Copies of the prospectuses for 9 per cent Treasury Loan, 1994 dated 14th January 1981, 81 per cent Treasury Loan, 1997 dated 7th July 1971 and 8 per cent Treasury Loan, 2002-2006 dated 15th October 1971 may be obtained from the Bank of England, New Issues, Watling Street, London EC4M 9AA.

Application has been made to the Council of the Stock Exchange for each further tranche of Loan to be admitted to the Official List.

The Loans are repayable at par, and interest is payable half-yearly, on the dates shown below:

Loan	Redemption date	Interest payment dates
9 per cent Treasury Loan, 1994	17th November 1994	17th May
		17th November
83 per cent Treasury Loan, 1997	1st September 1997	1st March
		1st September
8 per cent Treasury Loan, 2002-2006	5th October 2006 or on or at any time after 5th October 2006 subject to not less than three months' notice	5th April 5th October

The further tranches of 9 per cent Treasury Loan, 1994 and 81 per cent Treasury Loan, 1997 will rank for a full six months' interest on 17th May 1986 and 1st September 1986 respectively. The further tranche of 8 per cent Treasury Loan, 2002-2006 has been issued on an ex-dividend basis and will not rank for the interest payment due on 5th April 1986 on the existing Loan.

Each of the Loans referred to in this notice is specified under paragraph 1 of Schedule 2 to the Capital Gains Tax Act 1979 as a gilt-edged security (under current legislation exempt from tax on capital gains on disposals made on or after 2nd July 1986 irrespective of the period for which the Loan is held).

Government statement

Attention is drawn to the statement issued by Her Majesty's Treasury on 29th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may affect the amounts on which the relevant tax is charged by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND

LONDON

21st March 1986

International Capital Markets



Unbelievable as it seems, this is where an IBM Customer Engineer starts work on a computer.

At IBM there's more to Customer Engineering than meets the eye. For instance, our engineers actually work alongside the people who design and build our computers. So they can bring their field experience to bear on the way our computers are made, as well as developing maintenance programmes.

If they see a potential maintenance problem looming up in a design they can nip it in the bud

before the first machine is ever built.

They also make sure that a complete maintenance programme is ready to go into operation before any new machine ever goes on the market.

So spare parts and test equipment are ready to support you right from day one.

If a problem does occur, IBM Customer Engineers can refer all the way back to our man at the drawing board

if necessary. We believe that only IBM can offer you this depth of expertise. After all, we knew everything about the servicing of your computer before it was even built.

For further information contact:

Tony Hadfield, Customer Engineering Enquiry Centre,
IBM United Kingdom Limited,
414 Chiswick High Road, London
W4 5TE Telephone: 01-747 0747.

IBM

TECHNOLOGY

THANKS to Opee, the strange and rather beautiful propeller shown here is set to become the hall mark of the commercial aircraft of the next decade.

The rise in the price of oil prompted NASA in 1975 to ask Hamilton Standard, the US propeller manufacturer, to develop such a design with the aim of combining the efficiency of the turbo-prop with the speed of the jet engine. Today the oil price is falling, but the concept of this "propfan" has caught on and has a momentum of its own.

Collaborative projects behind it that will take some stopping.

The laws of physics dictate

that a propeller engine, which then a large mass of air backwards relatively slowly, uses less power for a given amount of thrust than a jet engine throwing a small quantity backwards at high speed.

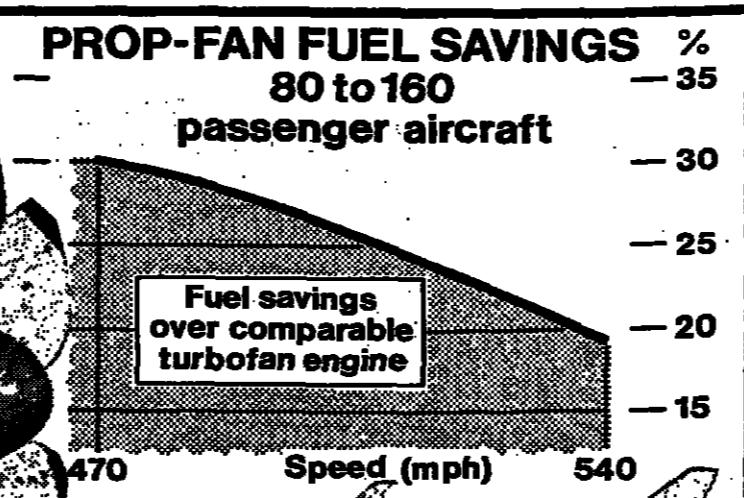
Over the last 20 years the evolution of the jet engine has been dominated by the need to give it this virtue of efficiency. The engines have become wider and wider, and more and more reminiscent of a propeller operating in a duct. Today's fanjet blows six times as much air slowly through its tube-like outer duct as it draws through the engine itself.

At a bypass ratio of much more than eight-to-one a duct adds a considerable amount of weight and drag to the engine. But the leap to the "unducted fan," or propfan, with its bypass ratio of between 35 and 50, raises the key problem that has long confined the propeller to slower types of aircraft. A propeller's efficiency falls abruptly when the tips of its blades move at more than the speed of sound, or 680 mph, and this is inevitable in an aircraft moving forwards at 600 mph.

The solution—the secret of the propfan—lies in the elegant shape of its blades. Because they are swept, their leading edges slice into the air and thus advance through it at less than their true speed of movement.

The sweep becomes more pronounced as the radius, and hence the speed, increases and this yields the shape of a scimitar. Provided the blades are swept in this way, and are very thin, they can generate thrust efficiently with the tips moving at Mach 1.2, or 820 mph. This is consistent with an aircraft speed of 650 mph or more.

The idea of sweep in propeller blades is not new but it has taken computer analysis and advances in material science to make it workable. The curve of the blades leads to complex twisting stresses within them not encountered in a traditional propeller (imagine clamping the handle of an ice hockey stick horizontally in a vice and



Elegance is key to cut and thrust

Nicholas Colchester reports on the engine which is set to revolutionise air travel

then standing on the end of the blade). The scimitar has to be designed not to flutter. They have to be formidably stiff.

The absence of a duct has two other important consequences. It means there is no duct, filled with noise-absorbing material, to reduce the considerable sound of the fan. It means there is no protective ring to shield the fuselage of the aircraft from the spinning blades should they disintegrate.

The manufacturers are all agreed that they can build blades of adequate strength. General Electric will use composite materials—chiefly carbon.

Rolls-Royce is working on hollow titanium blades with a bundle of super-strong fibres within. Hamilton Standard prefers a tried-and-tested aluminium spar within a fibreglass shell and maintains that 100 hours of propeller operation without a structural failure justifies this approach.

Noise will be the Achilles heel of the propfan concept—noise for the passengers in the aircraft rather than for the people on the ground.

First there is the unshrouded noise of blades rippling through the air at supersonic speeds. Second, there is the siren-like

effect of contra-rotating blades. Counter-rotation is required to get the maximum efficiency out of a propfan because the second row of blades redirects backwards the swirl left by the first. This interactive sound is of much lower frequency than in a fanjet because a propfan turns at only one quarter the speed and has far fewer blades. Low frequency sound carries furthest.

Noise is the main reason why current propfan thinking places the engines right at the tail of the aircraft with the blades mounted on the back of the engine. This arrangement reduces the exposure of the fuselage to blade noise and cuts down the amount of sound deadening material the aircraft manufacturers will have to build into the aircraft.

General Electric is confident that the noise problem is not going to be as important as it initially expected. But Pratt & Whitney's propfan programme director, Mr Tadry Domagala, feels that noise performance is one of the key unknowns to be resolved in the next 18 months of propfan development and flight testing.

The first production propfan engines will typically have two rows of blades, some 12 feet in diameter, with six, seven, or eight blades in each row. These will turn at around 1200 rpm, in opposite directions and require a total of some 15,000 shaft horsepower per engine.

Such an engine will be the equivalent of a fanjet engine of about five feet in diameter producing 25,000 pounds of static thrust. It will consume about 25 per cent less fuel than the fanjet at 550 mph.

A "battle of the drive systems" will be fought out

between now and 1992 when, according to the US aircraft industry, the first commercial propfan airliners will fly.

A consortium consisting of the Allison Division of GM, Hamilton Standard and Pratt & Whitney, believe that the propfan should be driven through a gearbox. Rolls-Royce, which is more doubtful and cautious about the future of the propfan, agrees.

General Electric of the US, on the other hand, has been Nasa backing to develop the rather elegant solution of counter-rotating fans driven directly by counter-rotating power turbines at the back of the engine. To make this arrangement efficient it has designed a slightly smaller propfan that will rotate a little faster than the geared version.

The proponents of gearbox claim they will give them greater flexibility to choose the optimal, least noisy fan speed in the light of experience, without having to redesign their engines. But they admit that 15,000 horsepower constitutes a daunting gearbox problem. Even split between two 7,500 horsepower rotors it dwarfs the 3,500 horsepower of a big turbo-prop engine.

INTEGRATED OFFICE communications embracing voice, video, and data is offered in a system called Minx from Datapoint, the Texas-based automation company. As soon as some additional work is completed to achieve compatibility with UK TV standards, Minx will be made available in the UK.

The workstation has a high resolution colour screen, a small viewfinder screen (so that the terminal user can position himself correctly), a handspeaking telephone and the usual keyboard.

These stations can be networked over a local area network using a single coaxial cable to carry all the services. A wideband (high information rate) system is also available that will support over 200 users. In the US, prices start at \$12,500. More from the Datapoint's London office on 01-531 1222.

CHIP MAKING equipment is to be produced by Eastman Kodak company, which has just launched a subsidiary called Estek for the purpose.

Although it is not widely known, Kodak has designed and produced custom integrated circuits for its own camera and copier products for some years.

The butterfly-shaped Velotype keyboard capable of typing at the speed of speech

A VIBRATION monitoring accelerometer based on fibre optic technology has been developed by the Swedish company ASEA Research and Innovation.

A reflective sensing probe is connected by a single fibre optical cable to a unit containing a laser and measurement electronics.

Laser light entering the probe from the fibre strikes the sensor, which is a short length of metal clamped at one end. Vibration or any other motion causes the probe to vibrate or move,

WORTH WATCHING

EDITED BY GEOF CHARLIS

altering the reflective conditions which, in turn, changes the quality of the reflected light in sympathy. The changes are detected and produce electrical signals that are a measure of the usual keyboard.

MOLTEN METAL filtration materials developed in the USSR are available from UMSO Plant in the UK (04236 71411).

The filters are made by the Vifram process which yields silicon-based fibrous material as woven cloth. After a special coating process, this can withstand temperatures of

1450 to 1700 deg C.

Improved filtration compared with conventional core and ceramic filters is claimed, giving half as many rejects from non-metallic inclusions in casting operations. Rejects caused by slag are virtually eliminated.

A FINANCIAL TIMES SURVEY

MERSEYSIDE

MONDAY, MAY 23 1986

Introduction
The Politics of Merseyside
Merseyside's Successes
Cammel Laird
Case-study
Merseyside's Big Employers
Inter-City Policies
The Port, The Freeport and their Prospects
The Bishop and the Archbishop

The "Heseltine initiative" five years on
Tourism and the economic structure
Barrage across the Mersey
Wavertree Technology Park
Small Business on Merseyside
Sport and the Merseyside image
Higher Education

For a full Editorial Synopsis and details of advertisement rates, please contact BRIAN HERON, on 061-634 9381 or write to him at

FINANCIAL TIMES
Queen's House, Queen Street, Manchester M2 5HT
Telex: 666813

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FINANCIAL INCENTIVES WILL NEVER BE BETTER

If you are thinking of buying or actively buying IBM PC, COMPAQ, HP or Apple micros. Then buy now at

MERCHANT SYSTEMS pic

01-583 6774 ASK FOR SALES DESK

FT FINANCIAL TIMES CONFERENCES

TOURISM

in Britain

22 & 23 April, 1986

Tourism is a vitally important industry in Britain but lacks an authoritative and

independent forum for the discussion of strategy, for assessment of the changes that are necessary in such areas as legislation, tax and development planning and for examination of the investment aspects.

Mr Walter Goldsmith and Mr Kenneth Robinson will chair this major two day meeting which brings together a distinguished panel of speakers including:-

Mr Duncan Bluck....
Professor Rik Medlik.....
Mr Peter R Tyrie....
Mr John L Broome....
Lord Montagu of Beaulieu..
Mr Colin M Marshall...
Mr David Trippier, MP....
Mr Michael Herbert....

FT FINANCIAL TIMES CONFERENCES

Convened and run by The Financial Times Conferences Organisation, 100 Fleet Street, London EC4P 4AB, Tel: 01-583 6774 Telex: 22477 FTCON G

Name _____
Title _____
Company _____
Address _____
Telephone _____
Type of Report _____

The only thing we can't do is charge you for the calls!

We leave that to BT.

We market, install and maintain business telecommunications systems from 2 extensions upwards.

And we think we do it better.

After all, we've had 15 years experience of specialising in business telecoms.

And since the Telecommunications Act gave business a choice, business has increasingly chosen Norton.

After BT, we are the biggest supplier of mid-size business telephone systems in Britain. We've reached that number two position by offering businessmen the equipment and service they want.

Telecommunications have come a long way since your system was installed. Make sure your next one is from Norton.

NORTON
TELECOMMUNICATIONS

The serious alternative in business telephones

Norton Telecommunications Group Plc, 341 City Road, London EC1V 1LJ Tel: 01-271 0404 Telex: 27177 Fax: 01-833 3859

HERE'S A LIST OF SOME OF THE MOST PROGRESSIVE AND FAR-SIGHTED COMPANIES IN BRITAIN.

You don't need to be a regular reader of the FT to know that this is a list of very successful companies.

But progressive and far-sighted?
Certainly.

They all recognise that they can only stay successful by training young people for the future.

And that having properly-trained people working for you means higher productivity.

And that a regular input of enthusiastic young people has a positive effect on everyone in a firm.

Which is why they're about to take on thousands of school-leavers on the new 2 year YTS.

These tightly-run companies will, with the happy agreement of their finance directors, be devoting time and money to training totally green sixteen and seventeen year olds.

An investment that will be paying returns year in, year out, way into the next century.

Up to now, over 100,000 companies have said they want to be part of the scheme. So your competitors are probably already amongst them.

MARKS AND SPENCERS PLC
J. SAINSBURY PLC
BRITISH PETROLEUM COMPANY PLC
THE BURTON GROUP
ALLIED-LYONS PLC
THE BOOTS COMPANY PLC
THE ASSOCIATION OF BRITISH TRAVEL AGENTS LIMITED
WHITBREAD AND COMPANY PLC
CADBURY SCHWEPPES PLC
NORTHERN FOODS PLC
BAKER PERKINS PLC
PILKINGTON BROTHERS PLC
INTERNATIONAL THOMSON ORGANISATION PLC
BUILDERS' MERCHANTS FEDERATION
GRAND METROPOLITAN PLC
TESCO STORES LTD.
BRITISH ASSOCIATION OF
PROFESSIONAL HAIRDRESSING EMPLOYERS
GALLAHER TOBACCO (UK) LIMITED
THE DISTILLERS COMPANY PLC
ESSO UK PLC
TARMAC PLC
ASDA-MFI GROUP PLC
THE POST OFFICE
THE PLESSEY COMPANY PLC
MOTOR AGENTS ASSOCIATION LIMITED
ELECTRICITY COUNCIL
IBM UK LIMITED
GLAXO HOLDINGS
GUEST KEEN & NETTLEFOLDS PLC
IMPERIAL GROUP PLC
COURTAULDS PLC
THE BOC GROUP
SCOTTISH AND NEWCASTLE BREWERIES
BRITISH SHIPBUILDERS
IMPERIAL CHEMICAL INDUSTRIES PLC
TATE & LYLE PLC
AUSTIN ROVER
BASS PLC
ROWNTREE MACKINTOSH PLC
ARGYLL GROUP PLC
LITTLEWOODS ORGANISATION
RANK XEROX LIMITED
GEORGE WIMPEY PLC
THORN EMI
JOHN LEWIS PARTNERSHIP PLC
THE GENERAL ELECTRIC COMPANY PLC
UNILEVER UK HOLDINGS LIMITED
ROLLS-ROYCE LIMITED
EAGLE STAR INSURANCE CO. LTD.
BRITISH AEROSPACE
SHELL UK

HERE'S HOW TO GET ON IT.

Apply for information to: Mr C Neale, Manpower Services Commission, FREEPOST, Sheffield S3 7ZZ.
No stamp needed. Or phone for free Information Pack on Sheffield (0742) 755205.

Name _____ Company _____

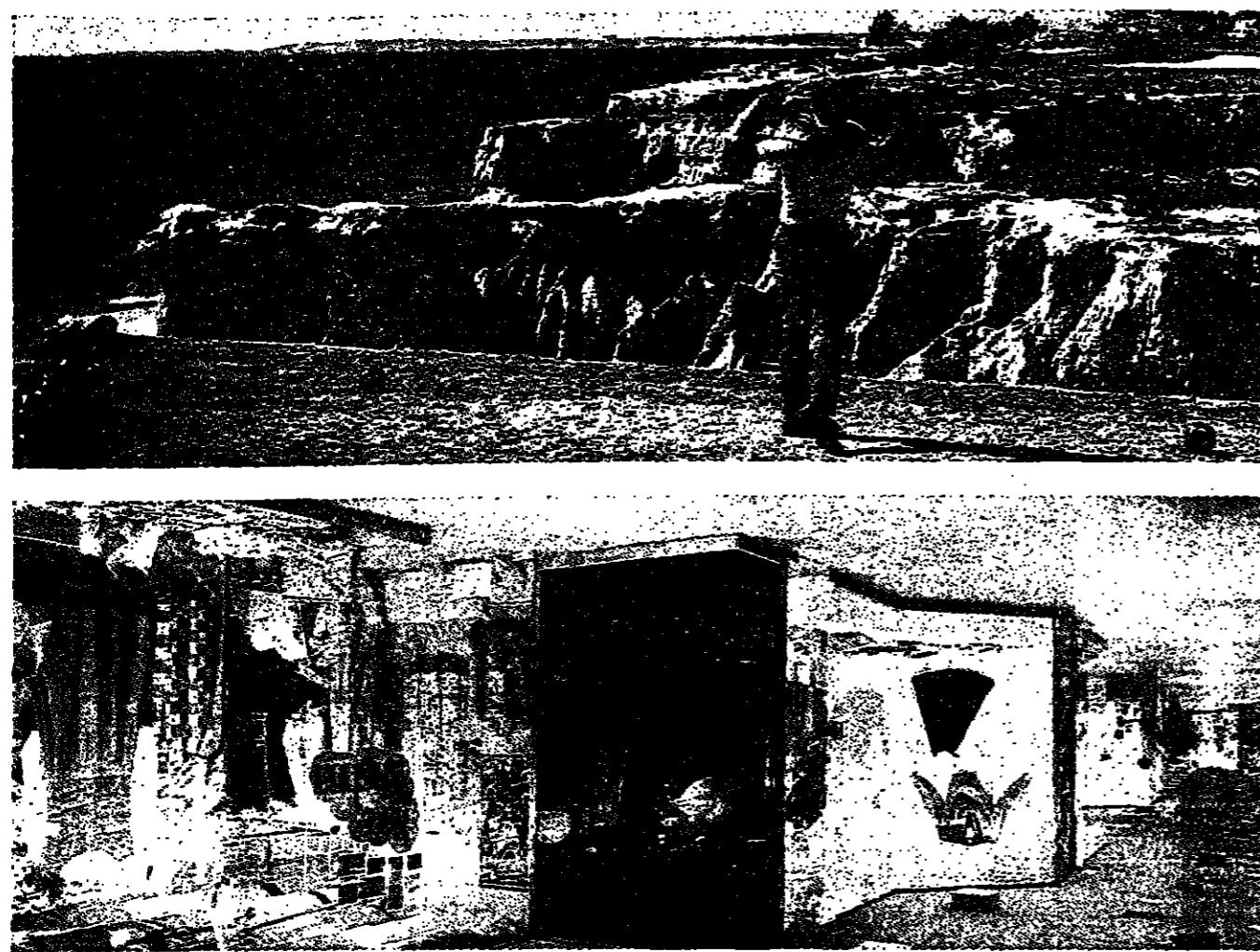
FT/MC. 10/3

Address

1000

111

one view of Portugal



another view of Portugal

You probably already know about the golden sunny beaches in Portugal and the watersports in the transparent aquamarine sea beneath a sky so blue, you can almost drink it. But (surprise, surprise) did you know you can get a Portuguese suntan as early as May and as late as October? Portuguese explorers were famous for discovering new lands on their odyssey round the globe. What aren't quite so famous are the many different countries inside our own small country. Each has its own individual arts, crafts and festivals. Most of them (surprise, surprise) are open all the year round.

Likewise, our health spas will help you relax. But (surprise, surprise) have you also heard about our night life and discos?

You won't be surprised to learn that centuries of Portuguese history have left behind many fine castles,

monasteries and churches. But (surprise, surprise) we also have some equally splendid hotels and some of the finest golf courses in the world.

Our excellent wines, cuisine and the warmth of Portuguese hospitality are equally well known. But did you know how easy it is to organise a conference in Portugal?

Portugal has a pleasant surprise waiting for you every day. Talk to your travel agent or the Portuguese National Tourist Office. The first surprise is when they tell you how little it can cost to stay here.

And (surprise, surprise) it's our 75th anniversary this year. We invite you to celebrate it with us and profit from our wide experience.

portugal
surprise, surprise, it's Portugal

With (surprise, surprise) new legislation, Portugal has created a new position of managing director of Willis Faber & Dumas. He is chairman of the group's aviation division and also of Willis Faber & Dumas (Agencies).

At MANN EGERTON Mr Jim Campbell will retire as chief executive on May 1. He will continue as non-executive chairman. Mr Richard Martin has been appointed chief executive from that date. Mr Martin joins from the Lex Group where he was managing director of Lex Mead.

R. WATSON & SONS has created a new position of marketing manager, to which it has appointed Mr Russell Smith.

The firm says this is probably the first professional marketing appointment in a partnership of consulting actuaries in the UK.

BERKELEY SPEYHAWK, a joint company formed by Speyhawk and the Berkeley Group, has appointed Mr David Herring and Mr Peter Francis as directors.

JOHN TOWNSEND & CO, insurance brokers at Lloyd's, has appointed Mr Robert W. Bailey as a director. He is the president and chief executive officer of the company's New York based re-insurance broking subsidiary, Bayle Townsend Inc.

At HARLOW & JONES, Mr Hugo Kirby, chief financial officer and Mr Godfrey Smith, chief accountant, have been appointed executive directors from April 1.

Mr Stephen Peerless has been appointed managing director of INBUNCO COMPUTER PERSONNEL SELECTION and INBUNCO CONTRACT SERVICES.

Mr David W. Peat has been appointed financial director of CONSOLIDATED TERN INVESTMENTS. He was a director in the Rush and Tompkins Group.

Mr John Pope, group marine manager and UK director of COMMERCIAL UNION ASSURANCE, will retire on April 30. Mr Ron George has

been appointed group marine manager from May 1, and Mr Peter Evans who will continue as underwriter of The Indemnity Marine Assurance Co, has been appointed deputy group marine manager from the same date.

At HARLAND AND WOLFF, Belfast, has appointed Mr Stanley McCormick as offshore marketing manager (engineering division).

Mr R. J. Elliott has been appointed managing director of WILLIS FABER & DUMAS. He is chairman of the group's aviation division and also of Willis Faber & Dumas (Agencies).

INCOMTEL has appointed Mr C. S. Metcalfe as marketing director. He joins from TCI, where he was managing director.

Mr W. G. Coventry, group secretary and financial controller, has become general manager from March 31 of MARINEX PETROLEUM. Mr J. A. G. Neale, assistant financial controller, will assume some of Mr Coventry's duties.

Mr Derek Hardisty is to become managing director of SECURICOR ROBOPHONE. He continues as managing director of Securicor Granley. Mr Terry Spender and Mr Gerry Staples have been appointed directors of Securicor Granley.

Mr Ian Cartwright has been appointed managing director of UCCEL SOFTWARE PRODUCTS. He was general manager.

JOHN MOWLEM AND CO has appointed Mr David Porter to the board from April 8. He is managing director of the Mowlem Group.

At WHARFDALE, Mr Steve Oxley has been appointed financial director of Cross Paperware.

WHARFDALE has appointed Mr Nick Green as director of marketing. He currently heads the Wharfdale operation in Italy. Also joining the board is Mr Steve Oxley as financial director. He was financial controller.

Mr Leslie Williams has joined SIMON ENGINEERING as finance director—oil services group. He was finance director of Ultralab.

ECONOMIC INSURANCE COMPANY, a member of the Hafnia Group of Copenhagen, has appointed Mr Derek Ham-Giles as managing director. He was previously a senior executive in the Sun Alliance Insurance Group.

HICKING PENTECOST has appointed Mr Ian Hamilton as non-executive director. He has been director at Cartington Viyella, Whiterock Industrial Holdings and Sketchley.

Contracts and Tenders

SYRIAN ARAB REPUBLIC

GENERAL ORGANIZATION FOR LAND DEVELOPMENT

INVITATION TO TENDER No. 1059/M/D/3

DATED MARCH 3, 1986

1. Participation
Participation is open on equal terms to all natural persons, companies or firms of the Member States of the European Communities AND OF THE SYRIAN ARAB REPUBLIC.

2. Subject
Invitation to tender for the concept, design, supply of equipment, installation and commissioning in one lot of a complete plant with a guaranteed production to be erected at MATADIN site near Deir Ez Zor in NE Syria for the manufacture of concrete canaletto and pipe units.

3. Site Visit/Information Meeting
A site visit will be organised for those firms interested by the Syrian authority (GOLD), for address refer to point 5a) on 22-23-24/4/1986 at 11.00 hours local time. The duration of the meeting will be two days (one day for the site visit and one day for the information meeting).

All requests by interested parties for information, including written questions received before the information meeting, and questions asked at the meeting (information at the spot) and also the replies which have been or will be given, shall be assembled and incorporated in a Memorandum which will be communicated to participating firms and other firms which have obtained the tender dossier.

The Memorandum shall be sent free of charge to the above-mentioned firms by registered post with advice of delivery. The Memorandum will be an integral part of the future contract with the awarding contractor.

4. Invitations to Tender
Invitations to tender may be obtained against 3000 Syrian Pounds from: GENERAL ORGANIZATION FOR LAND DEVELOPMENT, GOLD, P.O. BOX 5598, BEZEM ROAD, DAMASCUS

And also may be obtained from:

THE COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE GENERAL FOR DEVELOPMENT
200 RUE DE LA LOI, B-1049, BRUSSELS

and may be obtained at the following addresses:
Information Offices of the European Communities in:
D-53 Bonn, Zitelmannstrasse 22
The Hague, Lange Voorhout 29
Luxembourg, Chambre de Commerce, 7, rue Alcide de Gasperi,
BP 1503

F-75187 Paris Cedex 16, 61, rue des Belles-Feuilles
I-00187 Rome, Via Poll 29

DK 1596 Copenhagen V, Industriaradet, H.C. Andersens Ed. 18
DK 1596 Copenhagen V, Industriaradet, H.C. Andersens Ed. 18

Athens 134, 2 Vassilissis Sofias, TK 1602

London SW1P 3AT, 8 Storey's Gate

Madrid 1, Calle de Serrano 41, 5a Planta

Lisbon 1200, 35, ru do Sacramento a Lapa

5. Tenders
Should be sent to:

GENERAL ORGANIZATION FOR LAND DEVELOPMENT, GOLD, P.O. BOX 5598, BEZEM ROAD, DAMASCUS
to arrive at the latest by 02.05.1986 at 14.00 hours local time.
The tenders will be opened in public at the Office of General Organization for Land Development, GOLD, Bezem Road, Maiki, Damascus, on 03.06.1986 at 10.00 hours local time.

6. This invitation is issued in the Official Journal of the European Communities on 03.03.1986 under No. 2385.

GOLD Director General
Eng. Taha Al-Atrash

7. Premium positions available £8.00 per single column cent extra

All prices exclude VAT.

For further details write to:
Classified Advertising Manager

Financial Times, 10 Cannon Street, London EC4P 4BY

CLASSIFIED ADVERTISEMENT RATES
From January 1, 1986

Per line
(min. 5 lines) (min. 3 cms)

Single
columns cm
(min. 3 cms)

£
11.50 39.00

10.00 30.00

12.00 41.00

11.50 39.00

11.50 39.00

9.00 30.00

9.00 30.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

11.50 39.00

THE ARTS

Mr. Government/Edinburgh

Martin Hoyle

Edinburgh's attractive Royal Lyceum is doing its duty by very talent in staging Stuart Paterson's new work, a rare production of a full-length Scottish play. Actually rather longer than full-length, or so it seems, both the unrefined and dim-witted Jake Reekie himself as well as the locals.

Embittered, neurotic and domineering physically and spiritually, Jake Reekie returns to Ayrshire a full 16 years after the end of the Great War. Younger brother Bobby has started a promising road haulage business and acquired a doll-like wife of 19. The latter is a townie, ill at ease in the country and despised by the locals. Meanwhile, wild Jean Carney, a gypsy-like friend of Jake's, has started a promising involvement with her son, Jake's son, and his wife, Caroline. Paterson's "folk" and young wife is highly promising. Most of the pleasure comes from Gregory Smith's sets, the corner of a kitchen, white shelving towering against a background of faint tapestries, pots resting into a polished surface and the stylised night sky under which Jake clutches his tray for the last time while his son (for such he is) capers uncircularly on.

Under One Banner/Glasgow

Martin Hoyle

An old Edinburgh friend of mine maintains that the Scots have no sense of irony. This may be why the stage company 728 Scotland have come a cropper on their current tour.

In the splendidly offbeat Mitchell Theatre, an adjunct of that noble domed library below the wrong end of Sauchiehall Street. Under One Banner purports to show how the old divisions between Orange and Green "are kept going." Based on the importation of starving Irish labour to replace striking Scottish miners in the last century, the piece portrays bigoted both prod and papist, a sinister English-accented villain, and a wossome—a relentlessly plucky blind girl (Scots) and an idiot boy (Irish) whose deformities make the Hunchback of Notre Dame look like Paul Newman—beside whose whimsical sweetness Peter Pan resembles Romans in Britain.

Too late it emerges that the author, Sean McCarthy, has meant to parody the farcical mud-slinging of Boucicault's that what emerges is the stilled affect of amateur pantomime in fact deliberate. All credit to the hand-picked ensemble of Corrie Haynes and Ian MacNaughton who play it as straight demands and sympathetic to some others who seem as uncertain as the polite audience as to whether to go for laughs or not.

Humour may have been the original aim, but the spirit has evaporated, leaving a listless,

Richard Fairman

only one interval they were able to squash in most of the score with only minor excisions.

There were certainly times when it seemed a long evening. For this Snow Maiden the thaw was apparently already over. Howard Williams let a soggy performance and his character's orchestral forces only hit their best, most incisive ensemble in the climactic moments. But just when longueurs threatened, the music would invariably chance upon some novel harmony or vocal solo of real interest. Like the magical cavalcade when the Snow Maiden is sighted by the Tsar, and bring the evening alive again.

For these moments the opera is really worthwhile. In particular, Rimsky-Korsakov did not keep us quite that late. But with

Architecture/Colin Amery

Phenomenal Rogers unmasked

At last the truth can be told. The secret is out. You can discover for yourselves the agony and the ecstasy that lie behind the new Lloyd's headquarters. Not since Vasari wrote his *Lives of the Artists* in 1550, or possibly since Frank Lloyd Wright's *An Autobiography* of 1932, has the life of an architect been so roundly told as in *Richard Rogers: A Biography* by Bryan Appleyard, (Faber Paperback, £9.95).

Until this 350 page book appeared Richard Rogers was known principally for his diagonal braces—not the sort he might wear over his collarless shirts—but a kind of structural tour-de-force exposed on the outside of buildings such as the Pompidou Centre or the Imms factory in Wales.

In many ways this biography offers us enormous comfort. It is so frank and intimate that there are no cover-ups. As he does in his architecture so in life, Rogers lets everything show.

And with everything revealed, including the constant setbacks to his career, the reader is amazed at the triumphant success he has made of his life. Richard Rogers is in his early fifties and there are other older and more interesting architects whose lives will never be thus recorded.

The truth is that Rogers (throughout the book, even as a baby, he is called Rogers) is a man of his times. He knows that marketing and promotion have become major ingredients in the architecture business and his buildings are sufficiently weird and wonderful to invite comment and inquiry about their maker.

Coming from that interesting band of Anglo-Italian architects around Trieste, Roger's start in life was privileged and the fact that his parents had to leave Italy in the war and struggle a bit in England there were always subsidies from his maternal grandparents, the Gairingers—true Trieste grandees.

I enjoyed the way Mr Appleyard sets up the situation for Richard Rogers to become "Our Hero." He contrasts "cultural, informed, wealthy Italy" during the 1940s with "dark, poor, grey England" scarcely pausing to acknowledge the struggle of the Italian and German Fascists that so many

young English tried to ignore.

He paints a picture of England riddled with mean streets of back-to-back houses, their occupants waiting for Modern Architecture to release their chains. While Richard Rogers was apparently trying to out existentialism in Epsom with underwriters' daughters next week Irvine, Livingstone and Aberdeen.

There's a drip free the roof." The voice from the audience was as sepulchral and resigned as the Scots religion: that what remained of the stilled affect of amateur pantomime is in fact deliberate. All credit to the hand-picked ensemble of Corrie Haynes and Ian MacNaughton who play it as straight demands and sympathetic to some others who seem as uncertain as the polite audience as to whether to go for laughs or not.

Humour may have been the original aim, but the spirit has evaporated, leaving a listless,



Ashley Ashworth

The old and the new Lloyd's, due to open in the autumn

we are being carried out in tower blocks.

We are told that Rogers cannot draw, has dyslexia, goes to prison, marries twice, has lots of depressions, adopts a child, is "interested" in reading, wants to turn the Tate into the Pompidou Centre (he is chairman of the trustees) and that he is writing a book with his second wife to be entitled "Sex Food and Architecture." Despite this embarrassing information, I only hope to admit the man has got something.

What is clear from Roger's life is that he has a great gift for selecting gifted partners, both in and out of bed. He clearly needed, to help him realise his extraordinary and extreme visions. His giddy education and personal problems make riveting, but not very serious, reading to an outsider.

This biography is important, though, as an accurate picture of an architectural phenomenon of our times. Yet it really reveals surprisingly little about architecture but too much of his book is written with blinks on. Despite that, I highly commend it. It is fluent and easy read. I only hope it will not breed a whole crop of "kiss-and-tell" architectural biographies. All underwriters should read it at once, most architects shouldn't.

SNO to make European

TOUR

The Scottish National Orchestra with conductor Neeme Järvi is to make a 14-day tour in Europe from April 22 to May 6. Cities visited will include Madrid, Barcelona, Vienna, Berlin, Dusseldorf, and the capital of Lichtenstein, Vaduz.

Philharmonia/Festival Hall

Andrew Clements

Sibelius and Schoenberg ended their careers at the opposite poles of 20th-century music, but they shared a common meeting point in the Wagnerian/Bauhaus flux of late romanticism. For his concert with the Philharmonia Orchestra on Thursday, East Peikka Salonen juxtaposed early Schoenberg and early-sophomore Sibelius: *Verklärte Nacht* separated Sibelius' *Pelléas et Mélisande* Suite from his Violin Concerto.

Perhaps there was a more specific point being made, for the theme that opens "At the Castle Gate," the first of the *Pelléas* numbers, bears a striking resemblance to one of the main strands of *Verklärte Nacht*: a matter of convergence rather than influence surely, but nevertheless sufficient to serve

as a reminder that the two composers' expressive worlds at least touched once. Salonen used almost a full string section for the incidental music, though the score specifies a small orchestra; it enabled him to achieve some highly sophisticated gradations of texture and dynamics, but gave the essentially lightweight framework given with two items to effect a massiveness that was not always appropriate.

The tendency for exaggerated expressiveness that showed itself in the slower pieces was taken a dimension further in Schoenberg's tone poem, where the contrasts between luxuriant rubato and driven climaxes did little for the structure of *Verklärte Nacht*: a matter of convergence rather than influence surely, but it did so on this occasion, nevertheless sufficient to serve

and some roughness that crept into the previously immaculate playing of the Philharmonia suggested that concentration spans were being tested to destruction by Salonen's tempi. There were, however, a number of memorable ideas, dramatic effects vividly realised.

Kyung-Wha Chung did not give the conductor the opportunity to delay matters in the Violin Concerto, though the opening bars were lovingly drawn out. Thereafter she kept the music on a taut dramatic thread, urging the first movement towards its climax with jagged sforzandi and fierce, urgent tone. It was a remarkably well rounded account, as notable for its technical excellence as for its attention to structural detail.

Mar 21-Mar 27

J

J

The Coronation of Poppea/Marlowe, Canterbury

Richard Fairman

With *I Claudius* being repeated on television the major figures of Imperial Rome are vividly before our eyes. The plot of *The Coronation of Poppea* moves the story on a few years but, like *Crave*, Monteverdi's and his librettist Busenello were fascinated by these historical characters, a group of people so extreme and unbridled that they lived out a drama mere fiction could never equal.

The opera was the last and most glorious of all Monteverdi's extant works for the stage. For all the problems of mounting work from this period, its power as a great drama is still so obvious that almost every opera company is ready to have a go: ENO has a production of Coliseum-sized proportions and not so long ago the Paris Opéra put it on with an all-star cast that might have been ideal for Wagner's *Tristan*. Nothing, it seems, is ruled out of court if it might bring this piece to present-day audiences.

For their new production, which opened at the Marlowe, Canterbury last week, Kent Opera have understandably chosen a more authentic approach. Ivan Fischer, named as conductor, leads a group of just about a dozen instrumentalists and the greater part of the opera is accompanied by continuo alone. This only comprises two

organs, two harpsichords, lutes and cellos, with a corresponding wide range of sonorities.

What we see is equally spare. In the planning stages Jonathan Hales and Roger Butlin, producer and designer, had apparently considered an approach along the lines, but gave it up when they balked at the idea of putting their musicians on stage wearing togas. Instead we have ruffs, breeches and formal gowns—a 17th century setting, but in a black-and-white colour coordination, as seen through the eyes of somebody who has visited Habitat once too often.

Others fared better. Elvian James fished out at least the basic nature of the wanton Poppea, especially when she was well-matched with Ulrik Cold's Seneca, a far too everyday character. Their scene together was an interplay of misplaced reactions on both sides.

Others fared better. Elvian James fished out at least the basic nature of the wanton Poppea, especially when she was well-matched with Ulrik Cold's Seneca, a far too everyday character. Their scene together was an interplay of misplaced reactions on both sides.

What we see is equally spare. In the planning stages Jonathan Hales and Roger Butlin, producer and designer, had apparently considered an approach along the lines, but gave it up when they balked at the idea of putting their musicians on stage wearing togas. Instead we have ruffs, breeches and formal gowns—a 17th century setting, but in a black-and-white colour coordination, as seen through the eyes of somebody who has visited Habitat once too often.

The comic element probably came across best. (Some versions curtail the lighter scenes to speed the evening along). Christopher Gillett, cheeks rouged and dressed wig aloft, judged his comedy to a society as the Wrights' oldies, nice Arnalta and treble Dominic Martelli's Cupid showed a wicked sense of timing for one so young. The company has time to put the rest right. Their tour of the South lasts until mid-April and there are still a couple of episodes of *I Claudius* to go.

China/Bush

Antony Thorncroft

Night-club owner

Mr Chandler picks up two "mysteries" one male, one female, in a dark alley. He goes with them to a seedy bistro. Let's take off each other's clothes and have fun," says Chandler. Later they both go to work for him at his club, as bar girl and bouncer, after the boy attempts some ineffectual blackmail. As the lights black out at the end of Mark Brennan's episodic play Mr Chandler is contemplating a return to the basement with his own employer/s, now quite in his thirties.

In the absence of plot or character development China's struggle to rise above tokenism does not help. The girl should have past to herself as closely as a guilty secret; by the end it is mildly irritating.

With such a faceless, faceless crew to manipulate Chandler comes across as the only genuine character—with certainties based on the knowledge that the gift of a £20 note makes good any act of outrage he naturally draws all his associates into subservience. Stuart Wilson gives a commanding performance as a man who can be relied upon to be the rich will always exercise complete control over the poor and the powerless. It is a bleak message crudely put across through the milieu of a tacky strip joint.

Brennan is only 23 and inexperience shows. He can write powerful dialogues in a winter mode; not surprisingly the tensest scenes are those of sexual confrontation between Chandler and Williams, the boy who scrapes a living by selling bar-room gossip to the media.

Just as the characters struggle to rise above tokenism so does the club setting—I can't imagine a more depressing spot in which to be relieved of £50 for a bottle of flat champagne, although the scenes where the "exploited" punters exchange ritualised small talk with the "exploited" hostesses have a sad credibility.

Sian Thomas as Cynthia, the old pro among the bar girls, has the best of the one liners, but the two young names in the cast, Eddie O'Connell (William), soon to be famous through *Absolute Beginners*, and Natasha Richardson (China), are not given much material to build on. For much of the time Ms Richardson falls back on that turel, toneless, demotic accent which mother Vanessa Redgrave employs to show proletarian solidarity.

Arts news

The Minister for Arts, Mr Richard Luce, has refused export licences for three works of art in order to give national institutions the chance to raise matching sums of money to keep them in the UK.

A Raphael drawing of the Virgin and Child with St John must stay here another six months but, if, after two, no national museum is active in raising money to keep it, it could then go. A print by Mantegna, valued at £281,942,

The Miracle Plays in Cardiff on March 27, 28 and 29 will be sponsored by Allied Steel and Wire Ltd for the second year running. The event involves a cast of over 150 local people, with professional actors and production team.

The Whitechapel Gallery from March 27 to May 25 the Whitechapel Gallery will present *In Tandem: The Painter-Sculptor in the Twentieth Century*, an exhibition of painting and sculpture by artists who have worked in both media, including Picasso, Matisse, Giacometti, Miro, Lichtenstein, de Kooning and Baselitz.

The final show in 1986 will feature the work of David Smith, a prominent American sculptor of the post-war years who died in 1965. This has been organised in conjunction with the Nordrhein-Westfalen Museum in Dusseldorf.

From July 30 to September 7

Saleroom/Anthony Thorncroft

Fine wine prices decline

This is Impressionism and a seated woman, 1956, at around £40,000.

The next day Phillips sells automobilia and aeronautica, including 70 car mascots, ranging from several Rolls-Royce "Spirit of Ecstasy" to a Lalique glass falcon with a £500 forecast. A silver plated figure of Biggles might sell for £250.

The price of fine wines has been falling in the past year as Americans, the main buyers, have found their dollars depreciating in value against European currencies. Sotheby's estimate that first-claret have dropped in price by 20 per cent and more since last May, and it has dropped its reserves on the 60 vintages of claret on offer on Wednesday.

The most expensive wine is a magnum of Chateau Lafite, 1889, which carries a broad forecast of £1,600 to £3,000. An early 18th century French iron pocket corkscrew could approach £2,000, and there are over 2,500 mature Havana cigars on offer from Dunhill's cigar maturing rooms: many are in sizes no longer readily available.

Over 350 scientific instruments collected by Arthur Frank come under the hammer at Sotheby's tomorrow, the most important group of its kind to appear in the last 25 years. It is strongest in microscopes and telescopes, with fine pocket watches, marine chronometers and sundials.

Arts Guide

Music

PARIS
Vivaldi's *Le Triomphs* in concert version played by Orchestre National de France with Radio France Choir conducted by Riccardo Muti (Mon. Théâtre des Champs Elysées (4723 4777).

Orchestra de Paris conducted by Eric Leinsdorf with Jessye Norman, Barbara, Strauss, Hindemith (Mon. Salle Pleyel (4561 0638).

Ensemble Orchestral de Paris conducted by Jean-Pierre Vallet, piano: Haydn (Thur). Sale Gaveau (4563 0330).

Nouvel Orchestre Philharmonique conducted by Leopold Hager, Michel Portal, clarinet: Mozart (Thur). Théâtre des Champs Elysées (4723 4777).

ITALY
Milan: Teatro alla Scala: Riccardo Muti conducting, Orchestra Sinfonica, soprano: Renata Tebaldi, tenor: Luciano Pavarotti, bass: Luciano Pavarotti, piano: Haydn (Thur). Sale Gaveau (4563 0330).

Teatro Comunale: Mozart's Mass in C minor conducted by Edoardo Mata, with the soprano: Edith Wiens and Margaret Marshall; tenor: Giuseppe Costanzo and bass: Arthur Korn. (Tue, Wed, Thur). (277 9238).

Rome: Teatro Olimpico: Cleveland Quartet, Beethoven (Tue and Wed). (39 33 04).

VIENNA
Jean-Michel, piano: Chopin, Bach, Albeniz, De Falla, Palau, Falphy (21 56 81). (Wed).

Zeyneb Yamanseki, piano: Haydn, Schumann, Beethoven (Tue and Wed). (03 56 51). (Thur).

London: Johannine, 19 March 1986



FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telex: 8854871, London PS4. Telex: 8854871
Telephone: 01-248 8000

Monday March 24 1986

Glenholmes escapes

THE RELEASE of Ms Evelyn of Glenholmes, a prime suspect of IRA violence, by a Dublin court on Saturday was not the first time in Anglo-Irish affairs that the courts have defied the hopes of government but it is in many ways the most dramatic.

Ever since the current round of troubles in Northern Ireland began there has been a history of convictions not being made because the authorities were unable to deliver the evidence in such a way as to convince the court. Mr Gerry Adams, a suspected leader of the IRA, has been held in Belfast, then released when the evidence was judged not to stand up. There have been attempts at extradition of suspected IRA members from the US which have broken down because American courts found reasons not to comply. All that is far from the course, and may be even regarded as a healthy sign of the independence of the judiciary.

The case of Ms Glenholmes, however, is different in two respects. First of all, she is suspected of offences which are dramatic even by the standards of the IRA and include the planning of some of the most murderous attacks on mainland Britain. Secondly, and more importantly, her release follows shortly upon the signing of the Anglo-Irish Agreement last November.

Good intentions

That agreement was meant, *inter alia*, to make co-operation between Britain and the Republic of Ireland on all such matters so much easier. Indeed it was the promise of more coordinated policing, more extradition and more convictions in the courts that was intended to sweeten the agreement for Ulster Unionists who, in practice, dislike any liaison between London and Dublin.

The shambles over the weekend does not suggest that the accord is working terribly well. There is ammunition for the Unionists to say that Dublin cannot be trusted, whatever might be the good intentions of Dr Garret Fitzgerald, the Irish Prime Minister. The Irish Government can say—in fact, has been saying quite sharply—that it was British incompetence that led to the request for Ms Glenholmes's

extradition on the basis of warrants that could be held to be invalid in court. The British can blame the Irish for not foreseeing the technical reasons for her release.

Yet, whichever way one looks at it, it is the IRA which has had a field day, not just with a rifle but in the courts and, to some extent, in the streets of Dublin where supporters and sympathisers rapidly conducted Ms Glenholmes to a safe retreat.

The mutual recriminations between London and Dublin should be stopped at once. The fact that the Anglo-Irish agreement was won away in this case does not mean that the agreement is wrong in principle. On the contrary, it means that an inter-governmental accord is only a first step. What matters is that cooperation between the two countries should extend all the way down the line: not just between foreign ministers and chiefs of police but to the lowest police constables.

The agreement should not impinge on the independence of the judiciary. It should go with the saying that both Britain and Ireland will accept the judgments of the courts: that is the only way to provide freedom under the law.

In the special Anglo-Irish circumstances, however, there is always bound to be some residual sympathy for the nationalist cause, a tendency among some lawyers to give the Irish nationalists the benefit of the doubt, whatever the charge, if any reason can be found to do so.

That means that any charge will have to be most meticulous prepared. For Ms Glenholmes to have been released on a technicality amounts to an extraordinary degree of incompetence.

Britain should have learned that lesson long ago from the charged that have been brought and failed to stick in the courts for Northern Ireland. Mr. Ireland should be learning it now. Better still, the two countries should be learning it together. Lawyers can be very clever people, more interested in a particular case than in the state of Anglo-Irish relations or peace in Ulster. It is up to the governments to employ good lawyers as well and not make silly mistakes of a kind which—this weekend—have only compounded the problems.

Silly games with petrol

MR NIGEL LAWSON the Chancellor, must be hugely enjoying his Budget joke against the oil companies, the media and fellow MPs over the cost of a fill-up.

It has developed into one of those grand but pointless dramas which the British political machine does so well. The Opposition's fire was diverted on to the oil companies. The Prime Minister has pronounced on the proper number of pence at the pump, while Downing Street officials have offered disconcerting guidance as to what she "really meant". An all-party cheap-gas-for-Britain movement sprung up instantly in the Commons, while an oil company chairman sprayed petrol on the flames with a robust defence of the profit motive.

Suspense mounted after Shell and BP were reported as defying the Chancellor by deciding to pass all of the Budget's 7p duty increase on to the consumer this weekend. Then, after Mrs Thatcher very sensibly advised motorists to patronise the cheapest suppliers, came in with an oracular announcement that the whole duty increase would be passed on but the impact on motorists would be mitigated at pumps where prices were above average.

Mr Lawson may be allowed to chuckle, for he has managed to turn to his advantage a wilful confusion by most newspapers and MPs between the inflationary and the "real" parts of the annual rises in excise duties.

The fact was that the Chancellor was under strong temptation to skimp on a little extra benefit for the taxpayer which would be easily obscured in a confused and failing market but in the event he decided to touch the general theme, so general that petrol duty rose by only 2p above the routine 5p increase needed to maintain speed against inflation.

Stylish topspin
This 2p was a sensible exchange for a real-terms reduction in the price of licence discs. As it happens, it is also about the same as the concealed surcharge levied by most petrol companies for "free" glasses, soup bowls "spending spree vouchers" silly games and other promotions. Since many motorists cheerfully pay this hidden extra, even when lower

THE NEW French Government of Mr Jacques Chirac is an animal that wears two faces.

The first is that of an administration in a hurry which wants to mark its distance from the Socialists and to redeem rapidly its promises, notwithstanding its fragile majority and the fact that it has to work with a Socialist President. This bears the stamp of Mr Chirac whose readiness to charge at fences as a minister under former President Pompidou earned him the title of the "bulldozer" and who still flanks for a hectic first 100 days.

It is the side of the new government represented by Mr Chirac's decision to seek legislation that will allow him to push through the first part of his economic programme by decree—thus short-cutting the National Assembly. It is also reflected in the appointment as Minister of Agriculture of Mr Francois Guillaume, the president of the French farmers' union, who only 10 days ago was calling for a 4.7 per cent increase in EEC farm prices this year.

It is equally reflected in the naming of Mr Charles Pasqua, an old guard Gaullist, with a steel hand and Corsican ancestry, as Minister of Interior. He will be dealing with the problems of delinquency, immigration and terrorism.

The other face of the government is one of caution of pragmatism and of seeking to avoid labour conflicts. It is represented by the appointment of Mr Edouard Balladur as the Minister of Economy and privatisation with the power of almost a vice-Premier in the Cabinet. Mr Balladur would be counted among the "wets" in the British Conservative Party—a believer in gradualism, in a prudent application of free-market economics and open to dialogue with the trade unions. He is backed up as Minister for Social Affairs by Mr Philippe Seguin, a warm-hearted Gaullist, who has long denounced the rightward drift of his party and who is also liked by the unions.

These two different approaches highlight the dilemma of the new government's strategy. It is an administration that will be working under the searchlights of a presidential election at the most two years away—and possibly earlier.

It knows that it can make only little headway on the long-term structural changes incorporated in its programme—above all the steady cutting of public expenditure and the budget deficit that would make possible a shift of resources to the corporate sector. The high indebtedness of French industry and its recently low level of investment have been among the major factors eroding French competitiveness and hence France's loss of market share in world trade in manufactured goods.

It is thus preparing a battery of short-term measures that will have the maximum psychological effect but minimum budgetary cost. They are intended to meet the expectations of industry while also creating more jobs—the most important single issue by which electorally the government will be judged.

Into this category come such measures as the lifting of price and exchange controls; changes in the labour regulations making it easier for companies to declare redundancies—and which could cost 40,000 to 100,000 jobs, and job boosting

FRANCE'S NEW GOVERNMENT



Jacques Chirac (left), Edouard Balladur and Alain Madelin

Now it's a balancing act for the bulldozer

By David Housego in Paris

schemes that would encourage companies to take on more young people by reducing companies' social security burden. It would provide flexibility on wage rates and waive current rules on labour representation which discourage small firms from taking on more people. It would also include a framework denationalisation law which would prepare the legal ground for the privatisation of state-owned banks and industries.

Since the last readjustment in March 1983, the cumulative inflation gap with West Germany has climbed to 12 per cent. On this basis, a realignment is needed to restore the competitive edge to French exports, which have been stagnating over the past year, and to provide a stimulus to growth—while at the same time enabling a lowering of French interest rates which, in real terms, are at a historic high because of the need to defend the franc.

But French Treasury opinion is that all this will provide a momentum of change within the country. Coupled with the improved economic outlook as a result of falling oil prices and the falling dollar which should this year give France its best economic performance since 1979, he feels that he would be in a good position to begin an early election if he should be re-elected.

On the other hand, a conservative administration cannot show itself less successful than the Socialists in managing inflation or France's balance of payments position. Nor can it take the risk, with an election just over the horizon, that its policies will provoke social strife. The unions—much weakened by the recession—are uneasy over the Right's proposals on labour flexibility, the easing of redundancies procedures, plant level bargaining over salaries and any partial abandoning of the minimum wage. Hence the need for a referendum to decide whether to defend the franc.

But French Treasury opinion is now against a devaluation. Mr Balladur is said to see no reason for it, and his staff over the weekend called it "absurd". The Treasury view is that France this year has the possibility of bringing down its inflation rate to 1.5 to 2 per cent and that to do so would be unforgivable.

In tactical terms the Treasury believes that it would be difficult to press West Germany for a realignment, at a time when French inflation in February was falling and when the current account this year will be in surplus—particularly in a week when the French will also be seeking an increase in EEC farm prices.

But the strongest argument against a devaluation is that French industry is in no position to benefit from it. The continuing trade deficit last year

to seek a realignment within the EMS. If it leaves it beyond then, it will be difficult to blame the change on the legacy left by the Socialists.

There is little doubt that if the Right had won it would have devalued immediately—or rather sought a revaluation of the D-mark.

Yet if the government does decide to maintain the parity of the franc then it is tied to policies that would maintain the downward denationalisation movement so as to avoid any further increase in French economic growth would only suck in more imports.

President Mitterrand looked frosty and isolated at the first cabinet meeting of the new government on Saturday—suggesting that "co-existence" is a more appropriate word than "cohabitation" for this first experience under the Republic of a Socialist President being faced with a Right-wing majority in the National Assembly.

Neither of the two protagonists have much interest in an immediate conflict which would only prove that Mr Barre was right in saying "cohabitation" could not work and would probably give him the Presidency in a presidential election.

It would mean being more cautious over the lifting of price controls and the raising of public utility tariffs to offset public sector deficits.

It would mean being tough in handing down salary awards to public employees—which might have been one way of winning union support over greater labour flexibility. It would involve being less generous to the farmers than Mr Guillaume wants to be.

And it would imply as well that the government would have to forego recouping some of the windfall of higher oil prices by raising the petrol tax—as advocated by Mr Chirac as one way of increasing budget receipts to bring down corporate taxation.

In political terms, such an approach would imply that Mr Chirac was looking to a longer term electoral horizon. For it is the policy advocated by the Socialists, and Mr Chirac could not hope to repeat the fruits of it until much later.

So far power sharing between President Mitterrand and his new Prime Minister has been much smoother than most people had anticipated. There has neither been the "disorder"

predicted by the Socialists or by Mr Raymond Barre, nor has the President been reduced to a puppet as Mr Giscard d'Estaing implied.

President Mitterrand looked frosty and isolated at the first cabinet meeting of the new government on Saturday—suggesting that "co-existence" is a more appropriate word than "cohabitation" for this first experience under the Republic of a Socialist President being faced with a Right-wing majority in the National Assembly.

The National Front of Mr Jean-Marie Le Pen will be a powerful pressure group in the new Assembly in that its 35 seats give it the right to a vice-presidency of the assembly and a foothold in the main commissions.

The Socialist party is cock-a-hoop that it did so well—Mr Pierre Mauroy, the former Prime Minister even warning it at the weekend against "euphoria in defeat". But it has several difficulties to contend with. It needs to enlarge greatly its electoral base from the current 32 per cent if it is to have a chance of being part of a majority coalition.

It needs to find partners among other groups in the Assembly. It will have to curb the ambitions of his Presidential hopefuls—Mr Michel Rocard, Mr Laurent Fabius and possibly Mr Lionel Jospin—whose rivalries could further split the party.

At the moment the chief factor for unity is the dominance over the party of President Mitterrand and the dependence on him to manoeuvre the Socialists into the best position for the next election—be it Presidential or legislative.

There is no sign yet of a "witch hunt" among the administration to drive out Socialist supporters. Mr Chirac's language has been more that of conciliation.

That bodes well for the nationalised banks and industries which were paralysed for a couple of years after 1981 in the uncertainties of denationalisation. The appointment of Mr Balladur as the man with overall responsibility for privatisation again suggests that the emphasis

An extra seat at the summit

Economic summits are supposed to be a serious business.

But the preparation of the next one, to be attended by the leaders of the major industrial democracies in Tokyo in May, has been side-tracked by an issue not central to the state of the world's economy.

It is whether or not Ruud Lubbers, the Dutch prime minister, will be able to attend as president of the EEC's council of ministers—a job that rotates around the member countries every six months.

The hot news from Tokyo is that he will be at the table wearing his official EEC hat—but that is only after protracted international debate and much agonising by the Japanese.

The Japanese position has been that Europe is over-represented already with five places at the summit (the leaders of Britain, France, West Germany, and Italy, plus the president of the EEC Commission). The three other seats are filled by Japan, the United States, and Canada. The bigger the summit gets, the more unwieldy it becomes, so the Japanese argument runs.

It is the view of the Japanese, as past masters of this sort of thing, that they should be open to him as an academic specialising in the subject of money. From the advantageous listening post of Gerard's Lombard Street offices he will be able to keep his ear fine-tuned to the London market.

But there is no evidence at all that this need be a matter of political concern. The former EEC president, Mr Delors, the EEC Commission president and the president of the EEC council of ministers could both attend. Then the two office-holders were Gaston Thorn and Wilfried Martens of Belgium, respectively.

A form of consensus which the Japanese, as past masters of this sort of thing, can be proud of, seems to have emerged. It is that Lubbers and Jacques Delors, the EEC Commission president should be present in Tokyo as "two men with one voice".

Exactly which of them says what, and to whom, and when, (or, indeed, what will happen if they should disagree) are matters which the Japanese are finding hard to understand. But at least the hosts know

he turned in a series of pieces spanning biology, ocean science, and astronomy.

Morton, a Welshman who has been living in Brussels, has no family background in science but shows a well-developed curiosity tempered with humour—a mix too often absent from present-day science writing.

He began one story, "Scientists have been worried about the sun for some time..." He went on to discuss "wimps"—weekly interacting massive particles, which might help explain the sun's behaviour.

A tip to other aspiring journalists—start young. Morton when only 16 and a schoolboy was writing articles on pop music and jazz for a Brussels magazine.

Will he, I wonder, be able to devise equally effective armour for those taking part in the Big Bang?

As well as advising Gerard and writing for the *Financial Times* he wants to set up an academic research group. The City is entering the most exciting year in its recent history with the privatisation of British Telecom, the privatisation of the BBC, and the privatisation of the Royal Mail.

He wants to make a close study of regulatory controls and supervision of markets during the run-up to the bang, and afterwards.

At the Bank of England he enjoyed a reputation as a man of action. Back from a skiing trip with some cracked ribs to remember it by he nevertheless played football for the bank's economics division. "I partially filled some hot water bottles and strapped them around me as protection" he explains.

Usually recipients work for newspapers, magazines, or broadcasting. Oliver Morton, however, is 21, and an undergraduate at Corpus Christi.

He earned his fellowship by outstanding work done during a vacation scholarship with the Economist last summer, when

Men and Matters

now that they have to lay nine places, not eight, at the banquet table.

Markets watcher

From the rural viewpoint of his 180-acre sheep farm in Devon, Charles Goodhart, economist and banker, may share some fellow-feelings with the fabled gamekeeper turned poacher.

After eight years as chief economic adviser at the Bank of England, and 16 years' total service at the bank, he left last year to become the Norman Sonnen professor of banking and finance at the London School of Economics.

Now he is about to step into the world of private banking, gifts, trading, and primary market-making as a non-executive director of Gerard and National.

Goodhart, aged 49, is clearly relishing the opportunities that will be open to him as an academic specialising in the subject of money. From the advantageous listening post of Gerard's Lombard Street offices he will be able to keep his ear fine-tuned to the London market.

He wants to set up an academic research group. The City is entering the most exciting year in its recent history with the privatisation of British Telecom, the privatisation of the BBC, and the privatisation of the Royal Mail.

He wants to make a close study of regulatory controls and supervision of markets during the run-up to the bang, and afterwards.

At the Bank of England he enjoyed a reputation as a man of action. Back from a skiing trip with some cracked ribs to remember it by he nevertheless played football for the bank's economics division. "I partially filled some hot water bottles and strapped them around me as protection" he explains.

Usually recipients work for newspapers, magazines, or broadcasting. Oliver Morton, however, is 21, and an undergraduate at Corpus Christi.

FOREIGN AFFAIRS

Questions for Mr Gorbachev

By Ian Davidson



Ronald Reagan (left), Sir Geoffrey Howe and Mikhail Gorbachev

AS PART of a plan for the elimination of US and Soviet intercontinental ballistic missiles, Mr Mikhail Gorbachev proposed the freezing of the British and French strategic nuclear arsenals. We all knew that Mrs Thatcher would never give his proposal the time of day, and she has just written to tell him what he can do with it. Since Mr Gorbachev is not the one who have known in advance what answer would be. Which makes me wonder why he bothered to put it forward in the first place; it even makes me wonder whether there is substance in any of the arms-control rhetoric being batted back and forth between Moscow and Washington.

In the case of the proposed Euro-missile package, the Soviet proposal went further than a simple freeze on the British and French systems it called for a ban on any modernisation of these forces, and particularly for a ban on any modernisation of the economy and the transfer of weapons from the US to any third countries. Such a ban would prevent Britain from acquiring the American Trident II submarine-launched missile system, and would spell the beginning of the end for Britain's independent deterrent when Polaris reaches the end of its useful life in the early 1990s.

Mrs Thatcher's Government has long acknowledged that it might be required to make some kind of contribution to a major anti-missile arms control agreement between the US and the Soviet Union, but without specifying in any way what that contribution might be. The parrot-phrase which has repeatedly been trotted out is: "We have never said never".

In a recent speech Sir Geoffrey Howe, the Foreign Secretary, paired this double-negative with a formula which sounded slightly more enthusiastic: "We do wish to contribute to arms control once our minimum conditions are met."

The British pre-conditions are two-fold: very substantial cuts in the nuclear arsenals of the superpowers, and guarantees against any increase in the anti-missile defences of the Soviet Union. The French have made similar stipulations, even if they have also laid down additional pre-conditions, such as a ban on chemical weapons and an agreement on balanced conventional forces in Europe.

The problem with the Gorbachev proposal is not that it would require Britain and France to make an uncessantly large "contribution" to nuclear arms control, though that is certainly an objection: in Britain's case it would probably amount to the abandonment of any nuclear forces; but that it professes to ignore the irreducible logic of the British and French arms control posture. In other words, in substantive terms it simply does not look serious.

The irreducible logic is very simple. The British Government claims that its Polaris force is a minimum nuclear deterrent, because four boats is the smallest number required to ensure that one is on station at all times. But the credibility of this deterrent depends on the ability of the warheads to reach their targets in Moscow; and that depends in turn on strict and predictable limits to Soviet anti-missile defences.

Under the 1972 Anti-Ballistic Missile (ABM) treaty, the two superpowers are each allowed one site of 100 anti-ballistic missiles. The Americans scrapped their system at Grand Forks, Dakota, because they thought it would not work; the Russians, who kept theirs round Moscow, presumably thought that it was worth keeping. It may not be all that effective; but then it does not need to be all that effective to

pose a potential threat to the warheads of 16 Polaris missiles. The threat to a small deterrent could become much more serious if American Star Wars research and its Soviet counterpart led the two superpowers to break out of the constraints of the ABM treaty, and start to deploy much more capable defensive systems.

It follows, therefore, as night follows day, that neither France nor this British Government will make any international commitment on the future size or configuration of their nuclear deterrents, until they secure guarantees that the superpowers will make an increase in their anti-missile defences. Naturally, Britain's specific concern is with Soviet defences, and the method of securing this concern as Sir Geoffrey made clear in his recent speech, would be clarification and tightening up of the ABM treaty. The consequence of a tightening up would, in effect, be a ban on any deployment of President Reagan's Star Wars.

In public, President Reagan does not accept the case for such constraints on Star Wars; it is possible that he will never accept any constraints whatever the enforcement of a major arms control deal with the Soviet Union. What is clear, is that a curb on Star Wars would be a major political concession on his part, and the quid pro

for more missile warheads than they would know what to do with. The significance of this criterion is, first, that it points towards an objectively equitable trade between Moscow and Washington; and, second, that a deep reduction would imply an improvement in East-West relations, and by inference an easing of the Soviet threat.

So what is Mikhail Gorbachev playing at? For much of last year, it looked as if he was seriously aiming both at an improvement in US-Soviet relations, and at a major arms control deal, specifically one which would put the clamps on Star Wars. He needed to contain defence spending now, to secure freedom from a ruinous arms race in space in future. Even if there was a Janus-like ambiguity about his posture, at least it was consistent with such a policy.

But there is, as yet, no clear evidence from Geneva that his negotiations are making any very urgent efforts to secure the kind of strategic arms deal which might eventually deliver a trade on Star Wars.

By contrast, the rhetorical trade is increasingly overtaken by the conservatism of the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home, which could prove at least as difficult as doing a deal with the Americans.

US defence contracts

From the Vice-President European Operations Resource Management International

Sir—Industrial co-operation among high-technology companies is vital to western economic and political security, provided such relationships are built on mutual strength and confidence. The recent agreement with the USA on the SDI programme, and the profound significance of such political initiatives by the US Congress as the Nunn and Gruelle amendments, present opportunities that should be the focus of boardroom directives throughout the UK aerospace industry. Yet, already, the voices of the defeatists can be heard saying that the target of \$1.5bn worth of SDI business over 5 years is unachievable.

Many UK industrialists are neither aware of, nor, when told, do they believe, the complexities of the US defence market and the need for a continuous, intensive effort to be successful. They then remain uninvolved and largely insulated from procurement decisions, preferring to respond only when opportunities are firm, by which time it is usually too late with programme decisions already influenced by the US competition. Why should their approach to the SDI programme be any different?

Past policy disagreements and economic difficulties have created, in the minds of many, an uncertain future for UK industrial collaboration in defence and high-technology markets. Collective security concerns and economic realities, however, on both sides of the Atlantic, dictate that duplication and off-target R and D investment can no longer be tolerated. Government and industry need to recognise these imperatives, and work together to formulate policies and legislation to encourage industrial co-operation.

The continued calls by senior UK defence officials and the government for increased co-operation in R and D, production and acquisition of alliance defence equipment should be answered positively by UK industry. Companies must begin to study DoD technology trends and investment patterns, to identify areas where re-alignment of their own internal R and D with the perceived trends can achieve the best benefit both for the alliance and the individual companies. They are unaware how crucial this process is to success in the US, let alone how to achieve it. Knowing which laws, regulations and processes, written and unwritten, govern the creation of the DoD budget and its disbursement; starting early and focusing the effort in aggressive, well-planned marketing strategies does achieve success.

Blaming US prejudices and

other perceived hurdles does not excuse the uninformed marketing that characterises much of UK industry's efforts in the US.

The US DoD budget request for 1987 includes \$4.5bn to maintain the momentum of technologies encompassed within the SDI programme. The UK has been invited to compete for a significant share of the funding. Dynamic, objective and committed marketing by UK companies knowledgeable in the procurement process will ensure success, silence the sceptics and invigorate major sections of the UK aerospace industry in so doing.

Barry J. Aldridge,
49 Plainwood Close,
Summersdale,
Chichester, W Sussex.

The uses of power

From Mr M. Bruce

Sir—On the basis that the best form of defence is attack, the beleaguered nuclear industry—this time in the shape of the Central Electricity Generating Board—is calling for a green light not just for one new power station in Suffolk, but for a further four to follow elsewhere (March 14). The argument is, apparently, that we simply need to replace older power stations; demand for electricity is rising, and according to Lord Marshall, CEBG chairman, to stop the lights from going out we need 6,000 Mw worth of new power stations.

Leaving aside what such demand growth says about the effectiveness of the Government's energy efficiency year, it does behove us to take stock of all our options, before we rush headlong into committing ourselves to many billions of pounds of expenditure in the immediate future.

I believe an extract from a TV advertisement prepared by PEPCO, the CEBG equivalent in Washington, DC, to be worth quoting in full: "New houses are popping up everywhere, new businesses too. One thing they all need is electricity. This growing demand means sooner or later PEPCO will probably have to build new power plants. But the longer we can wait the more money we will all save. So look for our energy management programme and keep on conserving—especially during peak hours."

Ever since its formation, the

nuclear component. Again it remains to be seen whether the CEBG in this country is allowed access to coal and/or oil at internationally competitive prices and reflects this in its prices to the industrial consumer. If this does not happen then our electricity intensive sectors will be at an even greater price disadvantage to foreign competitors overseas.

In a world of cause and effect, such as ours this will inevitably result in investment being increasingly directed outside the UK, to Britain's disadvantage in terms of exports, balance of payments and jobs.

Martin Trowbridge,
93 Albert Embankment SE1

Beside the sea

From Mr D. Skey,

Sir—Mr N. Taylor's letter (March 19) on the Channel Tunnel seems logically accurate but ignores all calculations seem to have done—the ingredients of pleasure and choice. As most of the summer traffic is holiday traffic, the advantages of speed and all-weather operation of the tunnel are less important to a driver than the opportunity to relax at the end of one motorway journey and before starting the next. Many people prefer to travel by ferry rather than the quicker hovercraft. If the ferry operators are on the ball they will enhance on-board facilities and service so that those to whom speed is less important will choose to travel with them.

This is of course speculation. Subjectively however I would prefer to sit aboard a ferry and look at the sea for an hour and a half than spend a couple of hours queuing to spend 20 minutes in a tunnel. Ferry operators please note and take heart.

David Skey,
Constellation PR Services,
75-75 Mortimer Street, WI.

Energy-intensive manufacturing

From the Director General, Chemical Industries Association

Sir—Lower prices for oil products and gas are welcomed by the chemical industry, as a boost to business activity, profitability and jobs. But our reaction as an energy-intensive industry which has to compete on the world market, falls well short of euphoria.

The prime need for energy-intensive manufacturers is that UK energy prices should fall as much as, or more than, those in major competitor countries. Demand for electricity is rising, and according to Lord Marshall, CEBG chairman, to stop the lights from going out we need 6,000 Mw worth of new power stations.

Contract prices for firm gas supplies remain unchanged, though prices for oil have been substantially reduced here, prices for the competing interruptible supplies of gas have not been lowered to the same extent.

From the General Manager, Save and Prosper Group

Sir—I read with interest the letter from Peter Elwood (March 18) regarding the Visa Premium card. To put the record straight I feel that you should note that in addition to the Barclaycard card there are in fact two other Visa Premium cards in issue in the UK offering the range of services outlined in the excellent article by Margaret Hughes. Visa Premium cards are also available from the Bank of Scotland and Robert Fleming/Save & Prosper Group. I would take this opportunity of mentioning that cash withdrawals are available worldwide on the latter card free of charge and not subject to the 1% per cent handling charge made by Barclaycard.

I. W. Lindsey,
1, Finsbury Avenue, EC2.

accept the need for more effective verification of arms control, an issue dear to the Pentagon hawks. But when President Reagan proposes on-site calibration for the testing of nuclear testing, he is turning down flat by the Russians; all they are ostensibly interested in is a total ban, and they claim that verification poses no problems.

What they conveniently forget is that the US has still not ratified the 1974 Threshold Test Ban Treaty, which limits tests to 150 kilotonnes because it does not trust the Soviet Union or the effectiveness of existing verification methods. A very recent report suggests that the US has in fact succeeded in monitoring a Soviet test of less than one kiloton from a station in Norway, but let that pass.

If the Russians really wanted a total test ban agreement (which may be doubted), as a first step they would at least try to make sure that the US could no longer refuse to ratify the TTBT.

In short, while Mr Gorbachev is making great propaganda play with his arms control proposals, without his prior political disarmament, by the year 2000, it is becoming increasingly difficult to believe that any of it is seriously intended for negotiation.

At least two hypotheses are possible. The first is that the specific of arms control are for Mr Gorbachev, secondary to the requirements of atmosphere image and propaganda. He may believe that the kind of arms deal he needs cannot be negotiated with the Reagan administration; but that a reduction in international tension and an improvement in the Soviet image can be achieved in the short run, without it.

The second is that the multiplication of propaganda initiatives conceals a failure to persuade the old guard and the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home.

By contrast, the rhetorical trade is increasingly overtaken by the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home.

At least two hypotheses are possible. The first is that the specific of arms control are for Mr Gorbachev, secondary to the requirements of atmosphere image and propaganda. He may believe that the kind of arms deal he needs cannot be negotiated with the Reagan administration; but that a reduction in international tension and an improvement in the Soviet image can be achieved in the short run, without it.

The second is that the multiplication of propaganda initiatives conceals a failure to persuade the old guard and the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home.

By contrast, the rhetorical trade is increasingly overtaken by the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home.

At least two hypotheses are possible. The first is that the specific of arms control are for Mr Gorbachev, secondary to the requirements of atmosphere image and propaganda. He may believe that the kind of arms deal he needs cannot be negotiated with the Reagan administration; but that a reduction in international tension and an improvement in the Soviet image can be achieved in the short run, without it.

The second is that the multiplication of propaganda initiatives conceals a failure to persuade the old guard and the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home.

At least two hypotheses are possible. The first is that the specific of arms control are for Mr Gorbachev, secondary to the requirements of atmosphere image and propaganda. He may believe that the kind of arms deal he needs cannot be negotiated with the Reagan administration; but that a reduction in international tension and an improvement in the Soviet image can be achieved in the short run, without it.

The second is that the multiplication of propaganda initiatives conceals a failure to persuade the old guard and the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home.

At least two hypotheses are possible. The first is that the specific of arms control are for Mr Gorbachev, secondary to the requirements of atmosphere image and propaganda. He may believe that the kind of arms deal he needs cannot be negotiated with the Reagan administration; but that a reduction in international tension and an improvement in the Soviet image can be achieved in the short run, without it.

The second is that the multiplication of propaganda initiatives conceals a failure to persuade the old guard and the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home.

At least two hypotheses are possible. The first is that the specific of arms control are for Mr Gorbachev, secondary to the requirements of atmosphere image and propaganda. He may believe that the kind of arms deal he needs cannot be negotiated with the Reagan administration; but that a reduction in international tension and an improvement in the Soviet image can be achieved in the short run, without it.

The second is that the multiplication of propaganda initiatives conceals a failure to persuade the old guard and the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home.

At least two hypotheses are possible. The first is that the specific of arms control are for Mr Gorbachev, secondary to the requirements of atmosphere image and propaganda. He may believe that the kind of arms deal he needs cannot be negotiated with the Reagan administration; but that a reduction in international tension and an improvement in the Soviet image can be achieved in the short run, without it.

The second is that the multiplication of propaganda initiatives conceals a failure to persuade the old guard and the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home.

At least two hypotheses are possible. The first is that the specific of arms control are for Mr Gorbachev, secondary to the requirements of atmosphere image and propaganda. He may believe that the kind of arms deal he needs cannot be negotiated with the Reagan administration; but that a reduction in international tension and an improvement in the Soviet image can be achieved in the short run, without it.

The second is that the multiplication of propaganda initiatives conceals a failure to persuade the old guard and the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home.

At least two hypotheses are possible. The first is that the specific of arms control are for Mr Gorbachev, secondary to the requirements of atmosphere image and propaganda. He may believe that the kind of arms deal he needs cannot be negotiated with the Reagan administration; but that a reduction in international tension and an improvement in the Soviet image can be achieved in the short run, without it.

The second is that the multiplication of propaganda initiatives conceals a failure to persuade the old guard and the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home.

At least two hypotheses are possible. The first is that the specific of arms control are for Mr Gorbachev, secondary to the requirements of atmosphere image and propaganda. He may believe that the kind of arms deal he needs cannot be negotiated with the Reagan administration; but that a reduction in international tension and an improvement in the Soviet image can be achieved in the short run, without it.

The second is that the multiplication of propaganda initiatives conceals a failure to persuade the old guard and the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at home.

At least two hypotheses are possible. The first is that the specific of arms control are for Mr Gorbachev, secondary to the requirements of atmosphere image and propaganda. He may believe that the kind of arms deal he needs cannot be negotiated with the Reagan administration; but that a reduction in international tension and an improvement in the Soviet image can be achieved in the short run, without it.

The second is that the multiplication of propaganda initiatives conceals a failure to persuade the old guard and the military lobby to go along with any radical arms control; or second thoughts about the advisability of curbing anti-missile defences. If there is a large gap between the radicalism of Gorbachev in arms control and the conservatism of the military lobby, his future may be even more heavily dependent on his success in delivering economic reform at

FINANCIAL TIMES

Monday March 24 1986



Terry Byland on
Wall Street

ADR levy triggers alarm bells

THE PROPOSAL put forward in the British budget to impose a 5 per cent levy on UK shares registered for conversion into American depository receipts (ADRs) has upset both US and UK participants in the US markets for ADRs.

While London was still somewhat confused last week as to the full implications of the proposal, the investment banks and brokerage houses which operate the ADR market were beginning to sound the alarm.

If enacted, the levy could eventually create a two-tier market in the UK stocks with the ADRs trading in New York at a premium to the price in London. It would also impose a 5 per cent charge on new issues of UK stocks in ADR form in US markets. Either development threatens the ADR market in British stocks with slow strangulation, according to US bankers.

At a meeting of the international advisory committee of the New York Stock Exchange, summoned hastily after Mr Nigel Lawson, Britain's Chancellor of the Exchequer, disclosed the proposal, "there was a good deal of concern," according to Mr Richard Dobs, the committee chairman.

The National Association of Securities Dealers which, through its electronic over-the-counter trading system, operates the biggest ADR market in the US, expects to register a formal protest. And at the American Stock Exchange, the oldest ADR trading forum, Mr Benjamin Krause, vice-president of the securities division, said: "We believe it will be an inhibiting factor to the growing internationalisation of securities trading."

Some of the opinions voiced in private at the US investment banks and brokerage houses were considerably less restrained. The levy is seen as a protectionist measure aimed at returning to London the expanding New York business in some major UK stocks.

Prices for British ADRs in US markets have already moved towards the premium on underlying London quotations that the proposed levy requires - probably a 4 per cent premium after allowing for technical costs.

The size of the market is difficult to measure, because it has no formal structure and it is split between six US depositary banks. Nasdaq traded \$12.5bn in foreign securities last year, mostly in ADR form. This represented about 5 per cent of Nasdaq's total business, and included about \$1.5bn of Glaxo ADRs, and \$3.8bn of Cadbury-Schweppes.

But most at hazard may be the fast-growing new issue market for British ADRs, fuelled over the past 24 years by public offerings from Reuters, British Telecom, Cadbury-Schweppes, and Bowater, the last named through the demerger of its US operations.

The success of these public offerings, and of other, smaller US companies such as Rodime, the Glassow-based disk-drive manufacturer, has pointed the way into the US equity markets for European companies seeking capital. If the proposed levy causes a contraction in the market for British ADRs, then UK companies will find it harder to raise equity in the US.

In the wake of deregulation and internationalisation of world markets, several UK companies were actively considering registering stock in the home country, but this poses a major disadvantage over and above such obvious problems over dividend payments as probate, which caused the creation of ADRs in the first place.

Mr Kembell estimates that between 2 per cent and 4 per cent of US investment institutions are barred from investing in foreign registered stocks because of trustee, charitable or similar status.

The British proposal to change the rules on ADRs looks like an unhappy start on the road to the global securities market. New York will be paying close attention to the budget debate in the UK Parliament - and silently applauding the major UK companies which have already expressed disapproval of the Chancellor of the Exchequer's plans.

FRENCH PRIME MINISTER WILL TEST BACKING OF COALITION PARTNERS

Chirac to seek confidence vote

BY PAUL BETTS IN PARIS

MR Jacques Chirac, the new French Prime Minister, will seek a vote of confidence for his right-wing Government from the National Assembly when it gathers again after Easter. In so doing, the new Prime Minister will immediately put to the test his slender majority in the Assembly.

Under the French Constitution, Mr Chirac was not forced to win a vote of confidence from Parliament since his Government had been appointed by the President. But in view of his fragile majority of three seats in the new Assembly, Mr Chirac has decided to ensure a public demonstration of support for his administration from his right-wing coalition partners.

Between them the two traditional right-wing parties - the neo-Gaullist RPR led by Mr Chirac and the centrist UDF coalition - failed to win an absolute majority in last

Sunday's legislative elections, gaining a total of 277 seats. But with the addition of the 14 seats of diverse right-wing independent candidates, Mr Chirac can count on a total of 291 votes, giving him an absolute majority of three in an Assembly of 577 seats.

Mr Chirac and the other members of the traditional French parliamentary right have ruled out any alliance with the extreme right National Front, which will be making its entry in the National Assembly for the first time on April 2. The Front gained 35 seats after a strong showing in last Sunday's elections.

Before the elections, Mr Chirac had said that a new government would not need to seek a confidence vote if he had the support of a solid majority, which he failed to win last Sunday. By seeking such a vote, Mr Chirac will now test the attitudes of various partners in the right-wing

coalition who are either critics of power sharing between a right-wing Government and a Socialist President or are not particularly sympathetic to the new Prime Minister.

Mr Chirac's decision to seek a confidence vote was announced after the first full meeting of the Cabinet at the Elysee Palace on Saturday. A historic occasion, it was also a cool affair, with President Francois Mitterrand sitting impassively as the only Socialist among the 38 new right-wing ministers. There was no traditional group photograph of the President standing on the steps on the Elysee with the members of the new Government.

But the first Cabinet meeting also reaffirmed the current efforts by both right and left to try to make the novel French experiment in power sharing work. After the

meeting, Mr Maurice Ulrich, the new Prime Minister's spokesman, said that Mr Chirac had emphasised the Government's aim to be "tolerant" and "open."

Mr Ulrich said that the Prime Minister had emphasised that employment and security were the new Government's priorities. Mr Chirac suggested at the weekend that he was preparing new measures to reinforce security after the terrorist bomb on the Champs Elysees last Thursday, which killed two people and injured 28 others. In Paris, this weekend, security was quite visibly stepped up following the latest terrorist wave.

Although there was speculation last week of a possible devaluation of the French franc, sources close to Mr Edouard Balladur, the new Economy Minister, called the rumours "absurd."

Land Rover link with Daf set to raise sales in Europe

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

LAND ROVER-LEYLAND, BL's commercial vehicle division, will sign an imaginative deal this week for some heavy vans and light trucks to be distributed and serviced in continental European markets by Daf Trucks of the Netherlands.

Negotiations have been going on for some months and state-owned BL intended to sign an initial agreement with Daf despite the possibility - apparently now ended - that Land Rover-Leyland might be sold to General Motors of the US.

The arrangements between Land Rover-Leyland and Daf have great attraction for both companies. Daf will distribute through its dealer network in continental Europe heavy Sherpa 300 vans, produced by Land Rover in Coventry, and light Roadrunner trucks, made by Leyland in Lancashire. All will have Daf badges on them.

This should strengthen the Daf network and make it more viable because the Dutch company produced for 3,000 Roadrunner registrations

alone over 15 tonnes gross weight.

At the same time it provides Leyland Trucks in particular with a opportunity for European sales which do not exist through its own meagre dealer representation.

The deal excludes the UK, Daf's best European export market, and does not prevent the British company pressing ahead with any other arrangements to sell the vans and trucks through its own channels.

Daf's European dealer network covers most of the important markets, whereas Leyland so far has concentrated mainly on France, with limited success. Apart from being heavy truck market leader in the Netherlands, Daf is also strong in Belgium where it has a factory, and in France.

During the negotiations, BL estimated that the arrangements could add about 1,000 a year to sales of its Roadrunner light truck, launched in September 1984 to compete in the six-10 tonnes sector. Leyland hoped

it had a heavy truck output of about 44,000.

Rolls-Royce sale likely this year

BY LIONEL BARBER IN LONDON

ROLLS-ROYCE, the state-owned aircraft engine manufacturer, is preparing to return to the private sector with a target date between the autumn and next spring.

The Government has yet to give a firm date for privatisation. But Mr Geoffrey Patten, the minister responsible for aerospace at the Department of Trade and Industry, is believed to be keen to push ahead, possibly before the end of this year.

One reason for a slightly earlier privatisation date than planned could be uncertainty surrounding the sale of British Airways to the public. Mr Nicholas Ridley has suggested that a summer sale might have to be delayed because of unresolved negotiations with the US Government over North Atlantic airline capacity.

Rolls-Royce played down week-end suggestions that a likely sale date could be as early as this au-

tumn. "We have not been given a firm date, so that must be speculative," said a spokesman. The Department of Trade and Industry said yesterday that an autumn flotation was "not necessarily correct."

Rolls-Royce will reveal a substantial rise in 1985 pre-tax profits next month. In 1984, the company made £26m (\$37m) before tax on £1.4bn sales, compared to pre-tax losses of £11.4m and £31.2m in the previous two years. It was rescued in 1971 by the Government after heavy losses on developing a single engine, the RB 211.

If the company is privatised before next spring, it would be on the basis of a profit track record of two years only. Analysts have also expressed some concern about the high level of research and development spending - some £250m a year - required for Rolls to compete against its arch rivals, Pratt & Whitney and General Electric of the US, and the volatility of the civil aviation market.

Rolls, advised by N.M. Rothschild merchant bank and Hoare Govett, stockbrokers, has asked a market research team to find out how the British financial institutions and the press view its past performance and future prospects.

Mr Patten told the House of Commons last November that the Government intended to privatisate Rolls before the next general election, "subject to market conditions."

He suggested that the Government would have to write off more than £370m of accumulated debt, with a further capital injection required to strengthen the company's balance sheet.

The Government is being advised

by Samuel Montagu merchant bank and James Capel, stockbrokers.

GATX accepts Leucadia cash bid

BY WILLIAM HALL IN NEW YORK

GATX Corporation, the Chicago-based conglomerate, has agreed to accept the \$54m cash takeover bid from Leucadia National, one of several Wall Street corporate raiders that have been pursuing the company, whose interests range from railcar leasing, to shipping, bulk storage and special steel man-

ufacturing. "We are highly confident" that it can raise the necessary financing for Leucadia's bid.

GATX's decision to accept the Leucadia offer will come as a surprise to some investors who had been bidding the GATX share price up on the assumption that GATX would accept a \$42 a share proposal made by Gabelli and Company, a New York portfolio manager, which started a leveraged buy-out fund last summer. GATX shares rose 5% on Friday.

It was not clear yesterday whether the bidding battle for GATX was over following the directors' decision to accept the Leucadia

offer. Aside from the Gabelli proposal, Adler & Shavick, a New York investment banking firm which specialises in leveraged buy-outs, had earlier offered \$40 a share in cash for GATX.

Mr James J. Glasser, GATX's 51-year-old chief executive, said yesterday: "Having considered all the proposals submitted, the board determined that Leucadia's proposal was the best offer made and its acceptance was in the best interests of GATX shareholders." GATX received an opinion from Morgan Stanley that the per share consideration is fair to GATX shareholders from a financial point of view.

The Gabelli proposal

World Weather

BY WILLIAM HALL IN NEW YORK

THE British Government is considering a proposal to change the rules on ADRs looks like an unhappy start on the road to the global securities market. New York will be paying close attention to the budget debate in the UK Parliament - and silently applauding the major UK companies which have already expressed disapproval of the Chancellor of the Exchequer's

plan. GATX was already in his possession, putting it into his coffee which, the prison guards have said, he drank that day out of their sight in the bathroom of his cell.

According to this theory, he told the guards: "They've poisoned me" in order to gain the posthumous satisfaction of defying the state by taking his own life, and bequeathing it a riddle.

The other theory is that he was poisoned on the instructions of members of the sinister organisation to which he belonged who wanted to ensure that he did not reveal their secrets. If so, they appear to have overcome immense difficulties to accomplish the poisoning.

Continued from Page 1

ments, were foremost in pressing for a ceiling of 14m b/d with an adjustment of market share at the expense of the conservative Arab producers of the Gulf.

Venezuela is understood to have offered a cut in its share.

Meanwhile, a new development at the meeting has been the willingness of Gulf producers to discuss a production-sharing formula taking into account population, national income and hydrocarbon reserves. For example, the 27 per cent of maximum output allowed to Saudi Arabia, with its indigenous population, amounts to probably up to 7m b/d, in contrast to the 8 per cent for Indonesia.

Continued from Page 1

reaching new highs. We look forward to the current year with confidence and expect to benefit both from healthy organic growth and from a full year's contribution from Lintek. We shall also be alert

to possible new acquisitions which would fit well into our overall

strategy for further development. A bonus share issue of one for five ordinary shares is proposed.

99

Edward Rose, Chairman

and

glazed

products

for

the

transport

and

domestic

appliance

and

building

industries.

Report & Accounts will be available from 14th April 1986

BANRO INDUSTRIES plc, BROWNHILLS, WALSALL, WEST MIDLANDS WS8 7HP

THE LEX COLUMN

How to drain the Atlantic

The case for reducing (if not actually abolishing) stamp duty on share dealing in London was no more piece of free-market theorising. Anyone who wanted to see what the London equity market was losing by labouring under this exceptional layer of dealing costs had only to look at the growth of the New York market in UK equities. Trading ICI or Jaguar in the packaged form of an ADR - a depositary receipt - the US investor could not merely deal UK shares in larger and more acceptable denominations, but avoid the tax that would have been levied on trading the same underlying shares in London.

The competitive position of London, and the efficiency of tax-gathering, could alike be improved either by reducing stamp duty to the point where it was less than the cost of avoidance, or by closing the hole - to New York - which made avoidance possible. In fact, the reduction of duty on all transactions has taken priority for domestic reasons. Cutting the stamp is generally accepted as a way of raising the institutions' propensity to trade their holdings, a necessity if the extra capital in the new market is to be turned over fast enough.

Yet it would have been difficult for the Chancellor to abolish such a lucrative duty entirely, without at least appearing to raise some offsetting revenue from the politically unpopular City. What could seem more natural than the Chancellor's actual solution: halving the duty on its existing transactions base while extending it to several adjacent categories?

Since September, when the Department of Energy was overwhelmed by 183 applications from 117 companies, the oil price has halved.

However, the relatively low costs of onshore drilling continue to attract companies now shying away from the deep waters of the North Sea. According to Mr Chris Green, chief executive of Lusaco, an applicant in the onshore oil round, "The oil price is now the less bizarre and undesirable. It is hard to see what purpose is served by driving UK corporate treasurers offshore into the Eurosterling market, the sole effect of making it more expensive to deal in onshore loan stock. It is even harder to see what end, other than a myopic protectionism, is achieved by the punitive 5 per cent on ADRs.

As a revenue balancing item, the ADR levy is at best a sham. Its immediate effect has been to prevent the creation of new ADRs. The yield on this levy will be as near zero as makes no difference. Moreover, it has not taken long for the

oil companies to find a refund if other slimming cures - such as better benefits or a complete contributions holiday of 5 years - still leave a substantial profit to the depth greater than 5 per cent of liabilities.

The refund will be taxed, not at the company's marginal tax rate but at a rate of 40 per cent which admits of no offset. This is a sort of

Pension surpluses

For a group of individuals that may be out of work some time before retirement age, the UK Government has been curiously cavalier on the subject of pensions.

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday March 24 1986

TIO PEPE
SPAIN'S SHERRY
GONZALEZ BYASS

INTERNATIONAL BONDS

Swap moves put spotlight on to sterling issues

STERLING and Australian dollar issues moved centre-stage last week as borrowers seized swap opportunities and investors' funds flooded the high-yielding sectors. The Eurosterling market, boosted by the 1 per cent base rate cut on Wednesday following the budget speech by Britain's Chancellor of the Exchequer, saw particularly lively activity, writes Clare Pearson in London.

The fortunate combination of the base rate cut with an unexpected change announced in the budget - the imposition of a 1/4 percentage point stamp duty on certain bulldogs and long-term domestic loan stocks - opened a window for innovation: the long-term Eurosterling bond.

This was not a radical idea for investors in continental Europe familiar with 30-year and 40-year dollar bonds and following the general lengthening of maturities which has accompanied the worldwide fall in interest rates. On the domestic front, the evident appetite of British investing institutions last week seemed to mark a breach in their traditional insistence on restrictive covenants attached to long-term waivers.

Of the two 17-year issues, that for

Imperial Chemical Industries bore no covenants at all, and MEPC's bore only a restriction on future gearing. This is less onerous than alternatives open to the property company in the domestic market where it has several first-mortgage debentures outstanding.

The success of these issues led bankers to mose on the possible decline of the bulldog market, though supranational issues are exempt from the new duty. They also found it ironic that the Government, after years of vain attempts to stimulate a domestic UK corporate debt market, might have sparked it instead in the Euromarkets.

The deals were, however, priced at attractive margins over gilts in an environment in which stocks were roaring ahead and short positions had to be covered in a hurry.

UK fixed interest investment managers said of their hasty foray into the Eurobond market that they could adapt, US-style, to taking swift decisions on the basis of names and ratings, but would continue to be highly selective. This does not look like a free-for-all for every UK corporate to launch debt into the international capital markets.

Other borrowers also took advantage of investors' apparent confi-

EUROBOND/STORY TURNOVER					
Turnover (\$m)					
Primary Market	Straight	Cov	FRN	Other	
US\$ 4,753.4	28.7	1,536.7	308.5		
Prev 2,912.7	18.0	274.0	216.4		
Lower 2,425.5	0.2	745.5	101.5		
Prev 1,112.6			58.5		
Secondary Market					
US\$ 22,603.7	1,458.0	14,822.1	3,011.4		
Prev 32,012.1	1,251.3	15,050.8	4,253.1		
Lower 34,004.1	1,251.3	15,050.8	4,253.1		
Prev 11,032.7	178.5	1,474.2	3,206.1		
Week to March 20 1986					

The zero coupon structure brought new life to the Australian dollar sector, neglected by borrowers of late. A spate of issues took advantage of swap opportunities, and yields on Australian securities still looked high to investors despite a recent sharp rally in the domestic market.

All four were trading within their fees at the end of the week. On Friday, CIBC Australia, a subsidiary of Canadian Imperial Bank of Commerce, issued a 10-year bond - double the life of other issues - priced at 30.575 per cent, and with the novel feature of being payable in D-Marks. Bankers think the market for these instruments is not exhausted and, more probably, 10-year issues will surface next week.

The Euroyno new-issue market remained healthy, despite some uncertainty over the Open meeting, which prompted profit-taking in the secondary market.

Borrowers continued to be attracted by swap opportunities, and as they were generally high quality names, their paper was absorbed.

In particular, Denmark brought some welcome sovereign-name paper, and this was trading at about two points above its issue price on Friday afternoon.

Although activity in the Eurodollar market was muted, especially as many Japanese investors were squaring inventories towards their fiscal year-end, some borrowers issued new bonds.

In the floating rate sector, Manufacturers Hanover re-opened the market for US bank names, but no issuers followed.

In the fixed rate sector, a trend towards more generous spreads over US Treasury notes was clearly discernible. By contrast, Unilever, which ventured to launch a seven-year issue at a margin of a mere 15 basis points above Treasuries after taking the fees into account, saw its bond end the week trading outside the fees.

Some more successful issues were directed at specific investors, such as Inco's 10-year 9% per cent bond, which was eminently attractive to banks seeking swaps, and BNP's seven-year deal, which with coupons rolled up for the first five years was designed to appeal particularly to Japanese tax-paying investors.

Apart from these, the deal of the week was probably Victoria Finance's 8% per cent 10-year bond, said by the lead manager to be trading above issue price on Friday afternoon.

Aside from deals for Credit Foncier and Outokumpu Oy, the Ecu market was muted, especially as were the Swiss. But this helped investors focus on an innovative new structure - adjustable long-term puttable securities (Alpos) issued by Swedish Export Credit (Sek).

The new SFr 200m 25-year issue will pay interest in dollars at 7% per cent for the first 10 years and at five-yearly intervals thereafter at the annualised yield on five-year US Treasuries less 85 basis points.

Put options, exercisable on these interest payment dates, are linked to a fixed SFr/dollar exchange rate. If this is higher or equal to SFr 1.687, redemption is at par; if it is lower, redemption is for an amount equal to the original dollar equivalent of an investor's holding. The borrower's call option, exercisable at the same time, is at par.

Lead manager Citicorp said the deal was designed to lure increasingly sophisticated retail investors who, at least, will obtain coupons during the first period at levels about 2% per cent above those likely on a conventional SFr deal for Sek.

Morgan Stanley and Salomon Brothers International.

Singer, the US company which has dispensed with sewing machines in favour of aerospace electronics, is arranging a \$50m Eurocommercial paper programme with Citicorp Investment Bank as sole dealer. This is the borrower's first venture into commercial paper.

Istituto per lo Sviluppo Economico dell'Italia Meridionale (Isve), the Southern Italian development bank, mandated a \$30m transferable advances facility, under which the borrower will draw six-month advances at 30 basis points above reserve-adjusted domestic US CD rates.

McLean Industries loses \$66.7m as fleet is expanded

BY WILLIAM HALL IN NEW YORK

MCLEAN Industries, parent of US Lines, which controls one of the world's biggest containerised shipping fleets, lost \$66.7m in 1985 and says its bankers have agreed to relax some of the conditions on the more than \$1b it owes.

McLean, headed by 73-year-old Mr Malcolm McLean who was one of the pioneers of container shipping, said its 1985 loss was due to a combination of lower industry shipping rates during the latter part of the year, primarily in the trans-Pacific market, and the costs associated with new vessels and markets. In 1984 the company earned \$61.6m.

McLean recently spent \$570m on 12 of the biggest container ships in the world and has increased its capacity by about three times since mid-1984. The new fleet is being used on a round-the-world service and has been brought into service at a time when several other shipping lines have been increasing capacity. This factor, combined with sluggish growth in world trade, has precipitated substantial rate cutting.

McLean is one of the more highly leveraged shipping companies in the world and is gambling that it will be able to capture an increasingly large share of the market. The bulk of the shares are still controlled by Mr McLean, but the company had an initial public offering in August 1983 when it sold 3.27 million shares at \$8 per share. During the past year the shares have traded between \$14 and \$16, and are currently being quoted at \$8.40. At this level the company has a stock market valuation of less than \$400m.

McLean said about \$45m of operating loss and interest associated with phasing in the new vessels and the entry into new markets contributed to the 1985 loss, while \$48.9m was deferred and capitalised.

The company expects to report a loss in the first quarter of the current year and as a result its US Lines subsidiary was not in compliance with certain financial covenants in its major loan agreements.

McLean says its lenders have granted it a temporary waiver of compliance with these covenants and have agreed in principle to modifications of its loan agreements.

Tokyo tightens curbs on margin trading

BY YOKO SHIBATA IN TOKYO

THE Tokyo Stock Exchange has tightened the curbs on margin trading from today in a new effort to dampen increased speculation.

The exchange also issued an unusual warning to investors to be more prudent "because the market rally is clearly being driven by enormous liquidity and at an accelerating pace."

From Monday the exchange will permit only 60 per cent of the market value of securities to be used as

Youthful market faces up to the demands of self-regulation

THE Eurocommercial paper market, despite its youth, is having to face up to the demands of maturity, writes Alexander Nicoll in London.

The creation of a new regulatory structure to cover all London securities markets, now under way, has already meant the formation of a self-regulatory body, the International Securities Regulatory Organisation (Isro), to handle the Euro-marketers' interests. It will also entail formal recognition of investment exchanges which must meet standards for settlement and price reporting.

For the Eurobond market, the Association of International Bond Dealers is gearing up to form the

central marketplace meeting whatever regulatory standards are set.

The Securities and Investments Board (SIB), which is yet to come up with the precise requirements.

It is also likely that an investment exchange will need to be signed for short-term money market Euroinstruments such as notes, commercial paper, certificates of deposit and bankers' acceptances.

The formation of a new trade association is formed, it is likely to link with the International Certificate of Deposit Marketmakers Association (ICDMA), which for 18 years has acted as a trade association for secondary marketmakers in Eurocommercial paper. Its 28 members are due to

meet tomorrow to discuss a revitalisation through the admission of associate members who sometimes make markets in commercial paper.

In the long run, the combined body - due to be called the International Money Market Association - could form the basis for an investment exchange, also taking in bankers' acceptances, in the new City of London structure.

Westpac Banking Corporation is arranging a \$50m Eurocommercial paper programme to complement a US programme of the same size. Dealers are Westpac International Capital Markets, Merrill Lynch Capital Markets, Morgan Guaranty

Morgan Stanley and Salomon Brothers International.

Singer, the US company which has dispensed with sewing machines in favour of aerospace electronics, is arranging a \$50m Eurocommercial paper programme with Citicorp Investment Bank as sole dealer. This is the borrower's first venture into commercial paper.

Istituto per lo Sviluppo Economico dell'Italia Meridionale (Isve), the Southern Italian development bank, mandated a \$30m transferable advances facility, under which the borrower will draw six-month advances at 30 basis points above reserve-adjusted domestic US CD rates.

Morgan Guaranty Ltd

ALCEMENE BANK NEDERLAND N.V.

De Nationale Investeringsbank N.V.

A\$50,000,000

13 5/8% Notes Due 1992

MORGAN GUARANTY LTD

ALCEMENE BANK NEDERLAND N.V.

GENERALE BANK

KREDIETBANK INTERNATIONAL GROUP

PIERSON, HELDRING & PIERSON N.V.

RABOBANK NEDERLAND

BANQUE GÉNÉRALE DU LUXEMBOURG S.A.

COUNTY BANK LIMITED

F. W. HOLST & CO.

MCGAUGHEY DYSON & CO. LIMITED

THE NIKKO SECURITIES CO., (EUROPE) LTD.

December 18, 1985

All of these securities have been sold. This announcement appears as a matter of record only.

These Bonds having been sold outside the United States of America, this announcement appears as a matter of record only.



**CHARTER
MEDICAL
CORPORATION**

U.S. \$ 51 300 000

Bonds of 1986 due 1998/2001
Interest payable in Swiss Francs at the rate of 7 1/2 % p.a.
on the aggregate subscription price of

Swiss Francs 75 000 000

SODITC S.A.

AMRO BANK UND FINANZ

BANK HEUSSER & CIE AG

KREDIETBANK (SUISSE) S.A.

Banque Gutzwiller, Kurz, Bungener S.A. Compagnie de Banque et d'Investissements, CBI

Banco Exterior (Sulsa) S.A.

Banque Bruxelles Lambert (Suisse) S.A.

Banque Kleinwort Benson S.A.

Banque de Participations et de Placements S.A.

Banque Scandinave en Suisse

Chemical Bank (Suisse)

Hottinger & Cie

Nippon Kangyo Kakumaru (Suisse) S.A.

Volksbank Willisau AG

Adviser to the Borrower:
DREXEL BURNHAM LAMBERT INCORPORATED, New York

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

MR PRESTON MARTIN's decision to resign from the number two job at the Federal Reserve, apparently because of the Reagan Administration's refusal to promise him the chairmanship, shows that Mr Paul Volcker, the current chairman, is living up to his reputation as the second most powerful man in the US.

At the start of last week there were some people in the financial markets who were beginning to have their doubts. Fed watchers were stunned by news reports last Monday that Mr Volcker, one of the most powerful chairmen in the history of the Fed, had been outvoted for the first time on a monetary policy issue.

According to the reports, Mr Volcker had argued against a cut in the discount rate at a meeting of the Federal Reserve Board on February 24, but had been outmanoeuvred by Mr Martin, the vice-chairman who is said to have long coveted Mr Volcker's job, and three other Mr Martha Seger, Mr Wayne Angell and Mr Manuel Johnson.

The last two Fed governors had been in their posts for

US MONEY MARKET RATES (%)						
	Last Friday	1 week ago	4 weeks ago	12-months ago	High	Low
Fed Funds (weekly average)	7.38	7.68	7.89	8.91	7.38	
Three-month Treasury Bills	6.43	6.53	7.03	8.50	6.43	
Six-month Treasury Bills	6.68	7.07	7.50	8.49		
12-month Treasury Bills	7.20	7.37	7.87	8.91	7.20	
30-day Commercial Paper	7.15	7.20	7.65	8.70	8.25	
90-day Commercial Paper	7.05	7.10	7.60	8.80	7.00	

Source: Salomon Brothers (estimates).

Money Supply: In the week ended March 10 M1 rose by 25.7m to \$27.5bn

less than three weeks and their decision to question Mr Volcker's views on a highly symbolic issue like a discount rate cut has inevitably raised questions about Mr Volcker's authority to control US monetary policy.

The highly unusual episode has occurred at a time when the world's financial markets are being buffeted by a series of major influences ranging from the collapse in world oil prices to the sharp drop in interest rates and a dramatic boom in stock markets. It is the sort of period when financial markets can be easily rattled if it appears that the world's most powerful central banker is losing his grip.

By all accounts Mr Volcker

was extremely upset by this unexpected challenge to his authority, and there have been reports that he threatened to resign. In the event, he went to seek the support of Mr James Baker, the US Treasury Secre-

tary, and shortly before the cut was to be announced, Mr Angell, one of the so-called "gang of four" Reagan appointees, apparently changed his mind, enabling Mr Volcker to reach a face-saving compromise. It was agreed that the US discount rate cut would be delayed until other leading central bankers had moved.

Ten days later all seven members of the Fed voted in favour of a half-point cut in the discount rate and there the matter would have rested if the details of the internal dissension had not been leaked to the US media, which has been having a field day discussing the "palace revolt" and "attempted coup" at the Fed.

Mr Seger, who has often complained that he is being left out of the Fed's policymaking deliberations, fuelled the flames last week by saying that the Federal Reserve was not "supposed to be a one-man show" and the initial vote of the Reagan appointees "signified some independence" from Mr Volcker.

The Washington Post, in a leader last week on the fiasco at the Fed, noted that the striking thing about the attempted

coup was its "extreme incom-
petence". It said that the effect of Mr Martin's play was to "weaken the US in the tense and difficult international monetary talks now in progress." The New York Times described Mr Volcker's defeat as "a stunning rebuke to his extraordinary leadership" and warned that "such reckless muscle-flexing" also risked economic damage.

The initial reaction of the financial markets to the reports of open warfare at the Fed had been muted. The epic rally in the US dollar continued in a last half week, but this probably had more to do with uncertainty about oil prices than any fear that Mr Volcker had lost control of his central bank.

In the foreign exchange markets on Tuesday the dollar

fell to a record low of 174.30

against the Japanese currency.

This compares with 169.26 a year ago but there was no sign last week of a sustained flight out of the dollar because of concern that Mr Volcker's influence is ebbing.

The immediate conclusion of the markets appears to be that the challenge to Mr Volcker was little more than a "storm in a teacup." With the departure of

Mr Martin, the Fed chairman is the main forum for setting US monetary policy and Mr Volcker can rely on the support of the presidents of the five regional Federal Reserve banks, who sit on the 12-member FOMC, to defeat any challenge from the Reagan appointed board members who might favour a faster easing of US monetary policy.

William Hall

UK GILTS

Budget speech buoys activity and prices

AT THE end of one of the briskest weeks of trading in recent memory, the UK gilt market finds itself standing some 54 points higher than it did last Monday morning, all of it on the back of an Opec debacle and an imprudent Budget behind it. Sterling shrugged off a full percentage point cut in base lending rates to end the week 1.6 higher on the Bank of England's index and comfortably clear of the £1.50 mark.

There is no shortage of takers for the four partly paid stocks now on offer, which present a nicely geared invitation to investors. One of the four, Treasury 10 per cent 2003, was issued at £5.40 paid and now stands at £5.44.

The rise has been so swift that the market has as yet felt no need to pause and rethink its initial favourable impression of Mr Nigel Lawson's Budget proposals. This impression draws largely on the Chancellor's good cheer on the prospects for the non-oil economy and for inflation, and on his decision to name a lower public sector borrowing requirement target for 1986-87 than indicated last year.

It owes little to the restatement of monetary policy. No diehard monetarists have yet been observed attacking the adoption of an 11 to 15 per cent target rate for 1985-86 in February, bringing the cumulative borrowing requirement for 11 months of the year to only £2.8bn, compared to £7.7bn at the same stage of 1985.

It remains unclear whether the markets will be any more inclined to listen to the authorities, which spent much of Friday busily signalling that it was time to stop and consolidate. By declining to buy bills in the afternoon, and instead lending at 2.30 per cent to the discount houses at a rate of 12 per cent, the Bank of England showed its disapproval of a boisterous Treasury Bill tender where the top rate of discount dropped to 10.83 per cent.

The Bank then extended the message to the gilt market with £400m of new tranches of Treasury Loan 9 per cent 1994, Treasury Loan 8 per cent 1997 and Treasury Loan 8 per cent 2002-06. All three stocks are free of tax to non-residents, which will help to encourage overseas investors who still find UK yields attractive.

"The £M3 target seems to have been set largely because

it can be hit, not because it is necessarily consistent with declining nominal expenditure growth," comments Mr Guy Davies, chief economist at stockbroker Simon and Coates. "The hitch-point of the original Medium Term Financial Strategy has become a target for derision."

It remains unclear whether the markets will be any more inclined to listen to the authorities, which spent much of Friday busily signalling that it was time to stop and consolidate. By declining to buy bills in the afternoon, and instead lending at 2.30 per cent to the discount houses at a rate of 12 per cent, the Bank of England showed its disapproval of a boisterous Treasury Bill tender where the top rate of discount dropped to 10.83 per cent.

The Bank then extended the message to the gilt market with £400m of new tranches of Treasury Loan 9 per cent 1994, Treasury Loan 8 per cent 1997 and Treasury Loan 8 per cent 2002-06. All three stocks are free of tax to non-residents, which will help to encourage overseas investors who still find UK yields attractive.

George Graham

How to make large gains from small companies.

An increasing number of investors are discovering the advantages of putting their money into St. Andrew Trust.

St. Andrew Trust, like other investment trusts, is geared to the management of highly flexible investment portfolios, which offer a wider range of holdings than are usually available to the private investor. They are able to meet investment objectives tailored to the investors' needs by providing professional money management at a modest cost.

The St. Andrew Trust, managed by Martin Currie, takes a special interest in small businesses worldwide that have real growth potential.

The 1985 Report and Accounts for the St. Andrew Trust was published last week.

1985 was 'a milestone year,' said Chairman David A. Ross-Stewart. During the year our total assets grew beyond the £50m mark for the first time - an increase of 13%, with our two largest U.K. holdings increasing by 82% and 81%.

Small companies in the right place at the right time can turn into large ones. That means large rewards for investors in those companies - and major gains for St. Andrew Trust.



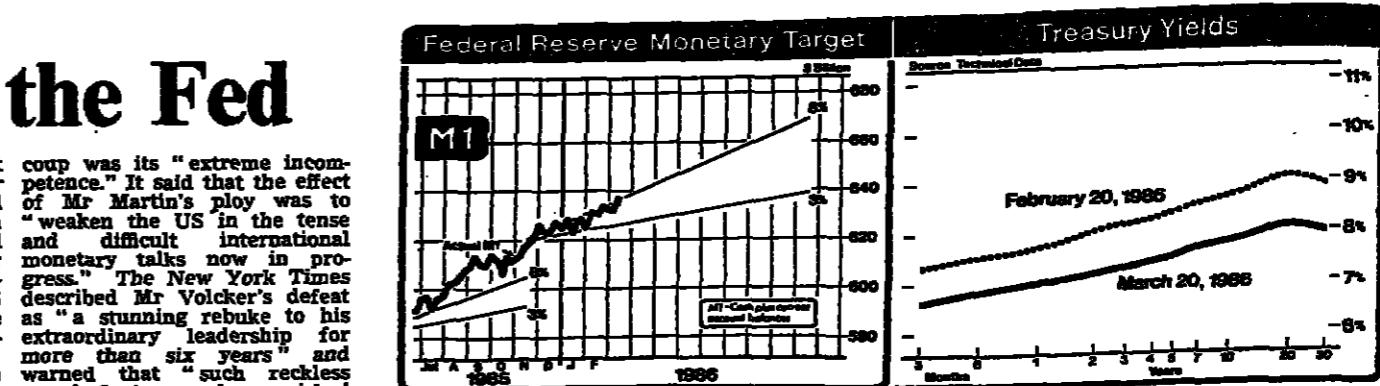
Please send me a copy of the 1985 St. Andrew Trust Annual Report.

Name _____

Address _____

To: W.S. Coghill Esq, Martin Currie Investment Management, 29 Charlotte Square, Edinburgh EH2 4AH. Telephone: (031) 225 3811 Telex: 72505.

MARTIN CURRIE
THE INDEPENDENT INVESTMENT MANAGERS



Source: Federal Reserve Board, Treasury Department. The 12-member FOMC. This is the main forum for setting US monetary policy and Mr Volcker can rely on the support of the presidents of the five regional Federal Reserve banks, who sit on the 12-member FOMC, to defeat any challenge from the Reagan appointed board members who might favour a faster easing of US monetary policy.

While Mr Volcker and his team no longer have a majority on the Federal Reserve Board, they continue to dominate the Federal Open Market Committee.

Mr Martin, the Fed chairman fell to a record low of 174.30 against the Japanese currency.

This compares with 169.26 a year ago but there was no sign last week of a sustained flight out of the dollar because of concern that Mr Volcker's influence is ebbing.

The immediate conclusion of the markets appears to be that the challenge to Mr Volcker was little more than a "storm in a teacup." With the departure of

Mr Martin, the Fed chairman is the main forum for setting US monetary policy and Mr Volcker can rely on the support of the presidents of the five regional Federal Reserve banks, who sit on the 12-member FOMC, to defeat any challenge from the Reagan appointed board members who might favour a faster easing of US monetary policy.

While Mr Volcker and his team no longer have a majority on the Federal Reserve Board, they continue to dominate the Federal Open Market Committee.

Mr Martin, the Fed chairman fell to a record low of 174.30 against the Japanese currency.

This compares with 169.26 a year ago but there was no sign last week of a sustained flight out of the dollar because of concern that Mr Volcker's influence is ebbing.

The immediate conclusion of the markets appears to be that the challenge to Mr Volcker was little more than a "storm in a teacup." With the departure of

Mr Martin, the Fed chairman is the main forum for setting US monetary policy and Mr Volcker can rely on the support of the presidents of the five regional Federal Reserve banks, who sit on the 12-member FOMC, to defeat any challenge from the Reagan appointed board members who might favour a faster easing of US monetary policy.

While Mr Volcker and his team no longer have a majority on the Federal Reserve Board, they continue to dominate the Federal Open Market Committee.

Mr Martin, the Fed chairman fell to a record low of 174.30 against the Japanese currency.

This compares with 169.26 a year ago but there was no sign last week of a sustained flight out of the dollar because of concern that Mr Volcker's influence is ebbing.

The immediate conclusion of the markets appears to be that the challenge to Mr Volcker was little more than a "storm in a teacup." With the departure of

Mr Martin, the Fed chairman is the main forum for setting US monetary policy and Mr Volcker can rely on the support of the presidents of the five regional Federal Reserve banks, who sit on the 12-member FOMC, to defeat any challenge from the Reagan appointed board members who might favour a faster easing of US monetary policy.

While Mr Volcker and his team no longer have a majority on the Federal Reserve Board, they continue to dominate the Federal Open Market Committee.

Mr Martin, the Fed chairman fell to a record low of 174.30 against the Japanese currency.

This compares with 169.26 a year ago but there was no sign last week of a sustained flight out of the dollar because of concern that Mr Volcker's influence is ebbing.

The immediate conclusion of the markets appears to be that the challenge to Mr Volcker was little more than a "storm in a teacup." With the departure of

Mr Martin, the Fed chairman is the main forum for setting US monetary policy and Mr Volcker can rely on the support of the presidents of the five regional Federal Reserve banks, who sit on the 12-member FOMC, to defeat any challenge from the Reagan appointed board members who might favour a faster easing of US monetary policy.

While Mr Volcker and his team no longer have a majority on the Federal Reserve Board, they continue to dominate the Federal Open Market Committee.

Mr Martin, the Fed chairman fell to a record low of 174.30 against the Japanese currency.

This compares with 169.26 a year ago but there was no sign last week of a sustained flight out of the dollar because of concern that Mr Volcker's influence is ebbing.

The immediate conclusion of the markets appears to be that the challenge to Mr Volcker was little more than a "storm in a teacup." With the departure of

Mr Martin, the Fed chairman is the main forum for setting US monetary policy and Mr Volcker can rely on the support of the presidents of the five regional Federal Reserve banks, who sit on the 12-member FOMC, to defeat any challenge from the Reagan appointed board members who might favour a faster easing of US monetary policy.

While Mr Volcker and his team no longer have a majority on the Federal Reserve Board, they continue to dominate the Federal Open Market Committee.

Mr Martin, the Fed chairman fell to a record low of 174.30 against the Japanese currency.

This compares with 169.26 a year ago but there was no sign last week of a sustained flight out of the dollar because of concern that Mr Volcker's influence is ebbing.

The immediate conclusion of the markets appears to be that the challenge to Mr Volcker was little more than a "storm in a teacup." With the departure of

Mr Martin, the Fed chairman is the main forum for setting US monetary policy and Mr Volcker can rely on the support of the presidents of the five regional Federal Reserve banks, who sit on the 12-member FOMC, to defeat any challenge from the Reagan appointed board members who might favour a faster easing of US monetary policy.

While Mr Volcker and his team no longer have a majority on the Federal Reserve Board, they continue to dominate the Federal Open Market Committee.

Mr Martin, the Fed chairman fell to a record low of 174.30 against the Japanese currency.

This compares with 169.26 a year ago but there was no sign last week of a sustained flight out of the dollar because of concern that Mr Volcker's influence is ebbing.

The immediate conclusion of the markets appears to be that the challenge to Mr Volcker was little more than a "storm in a teacup." With the departure of

Mr Martin, the Fed chairman is the main forum for setting US monetary policy and Mr Volcker can rely on the support of the presidents of the five regional Federal Reserve banks, who sit on the 12-member FOMC, to defeat any challenge from the Reagan appointed board members who might favour a faster easing of US monetary policy.

While Mr Volcker and his team no longer have a majority on the Federal Reserve Board, they continue to dominate the Federal Open Market Committee.

Mr Martin, the Fed chairman fell to a record low of 174.30 against the Japanese currency.

This compares with 169.26 a year ago but there was no sign last week of a sustained flight out of the dollar because of concern that Mr Volcker's influence is ebbing.

The immediate conclusion of the markets appears to be that the challenge to Mr Volcker was little more than a "storm in a teacup." With the departure of

Mr Martin, the Fed chairman is the main forum for setting US monetary policy and Mr Volcker can rely on the support of the presidents of the five regional Federal Reserve banks, who sit on the 12-member FOMC, to defeat any challenge from the Reagan appointed board members who might favour a faster easing of US monetary policy.

Morgan Guaranty Trust Company of New York

ECU100,000,000

8½% Deposit Notes Due September 5, 1990

BANQUE BRUXELLES LAMBERT S.A.	MORGAN GUARANTY LTD.	KREDIETBANK INTERNATIONAL GROUP
ALGEMENE BANK NEDERLAND N.V.	GENERALE BANK	AMRO INTERNATIONAL LIMITED
BANK OF TOKYO INTERNATIONAL LIMITED		BANQUE NATIONALE DE PARIS
BERLINER HANDELS-UND FRANKFURTER BANK		COMMERZBANK AKTIENGESELLSCHAFT
CRÉDIT COMMERCIAL DE FRANCE		CRÉDIT LYONNAIS
CREDIT SUISSE FIRST BOSTON LIMITED		DEUTSCHE BANK CAPITAL MARKETS LIMITED
DRESDNER BANK A.G.		GOLDMAN SACHS INTERNATIONAL CORP.
IBJ INTERNATIONAL LIMITED		MERRILL LYNCH CAPITAL MARKETS
MORGAN GRENFELL & CO. LIMITED		MORGAN STANLEY INTERNATIONAL
NIPPON EUROPEAN BANK SA. L.T.C.B. GROUP		NOMURA INTERNATIONAL LIMITED
ORION ROYAL BANK LIMITED		SALOMON BROTHERS INTERNATIONAL LIMITED
SOCIÉTÉ GÉNÉRALE		SWISS BANK CORPORATION INTERNATIONAL LIMITED
UNION BANK OF SWITZERLAND (SECURITIES) LIMITED		S.G. WARBURG & CO. LTD.
WESTDEUTSCHE LANDESBAHN GIROZENTRALE	WESTPAC BANKING CORPORATION	WOOD GUNDY INC.
BANCA COMMERCIALE ITALIANA	BANCO DI ROMA	BANK LEU INTERNATIONAL LTD.
BANQUE INTERNATIONALE À LUXEMBOURG S.A.		BAUERN- UND HYPOTHEKEN-UND WECHSEL-BANK
BEAR STEARNS INTERNATIONAL LIMITED	CRÉDIT INDUSTRIEL D'ALSACE ET DE LORRAINE	CRÉDIT ITALIANO
DAIWA EUROPE LIMITED	ENKILDA SECURITIES	FIRST CREDIT AG LIMITED
GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN	FINNMARKS-ENSKILDA LIMITED	INSTITUTO BANCARIO SAN PAOLO DI TORINO
KLEINTWORT, BENSON LIMITED	GREAT PACIFIC CAPITALS A.S.A.	NEEDERLANDSche Midden-STAATSBANK NV
NEEDERLANDSE CREDITBANK N.V.	LIQUID MERCHANT BANK LIMITED	NIPPON CREDIT INTERNATIONAL (HK) LTD.
NORDDEUTSCHE LANDESBAHN GIROZENTRALE	THE NIKKO SECURITIES CO., (EUROPE) LTD.	RABOBANK NEDERLAND
SUNTOMO FINANCE INTERNATIONAL	PAINE WEBBER INTERNATIONAL	TAKUGI INTERNATIONAL BANK (EUROPE) S.A.
TOKAI INTERNATIONAL LIMITED	THE TAICO KOBE BANK (LUXEMBOURG) S.A.	YAMAUCHI INTERNATIONAL (EUROPE) LIMITED
	TORONTO DOMINION INTERNATIONAL LIMITED	

5th September, 1985

These securities are not registered under the Securities Act of 1933 and may not be offered or sold in, or to nationals or residents of the United States. This announcement appears as a matter of record only.

Morgan Guaranty Australia Limited

A.\$60,000,000

13½% Guaranteed Notes Due 1990

Unconditionally guaranteed as to payment of principal and interest by

J. P. Morgan & Co. Incorporated

MORGAN GUARANTY LTD.	ORION ROYAL BANK LIMITED
BANQUE BRUXELLES LAMBERT S.A.	BANQUE PARIBAS CAPITAL MARKETS
COMMERZBANK AKTIENGESELLSCHAFT	CREDIT SUISSE FIRST BOSTON LIMITED
CREDITANSTALT-BANKVEREIN	DEUTSCHE BANK CAPITAL MARKETS LIMITED
DRESDNER BANK AKTIENGESELLSCHAFT	GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN
HAMBROS BANK LIMITED	SPARKASSEN- UND VEREINSBANK
UNION BANK OF SWITZERLAND (SECURITIES) LIMITED	SWISS BANK CORPORATION INTERNATIONAL LIMITED
WESTPAC BANKING CORPORATION	
BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK	BERLINER BANK AKTIENGESELLSCHAFT
BERLINER HANDELS- UND FRANKFURTER BANK	CRÉDIT INDUSTRIEL D'ALSACE ET DE LORRAINE
DAIWA EUROPE LIMITED	GENERALE BANK
HESSEISCHE LANDESBAHN GIROZENTRALE	EW. HOLST & CO.
PAINE WEBBER INTERNATIONAL	THE NIKKO SECURITIES CO., (EUROPE) LTD.
UNITED OVERSEAS BANK	SPARKASSEN SDS
	S.G. WARBURG & CO. LTD.
	YAMAUCHI INTERNATIONAL (EUROPE) LIMITED

26th September, 1985

These securities are not registered under the Securities Act of 1933 and may not be offered or sold in, or to nationals or residents of the United States. This announcement appears as a matter of record only.

J.P. Morgan & Co. Incorporated

U.S. \$100,000,000

10½% Subordinated Notes Due 1992

MORGAN GUARANTY LTD.	
ALGEMENE BANK NEDERLAND N.V.	AMRO INTERNATIONAL LIMITED
BANK OF TOKYO INTERNATIONAL LIMITED	BANQUE BRUXELLES LAMBERT S.A.
BANQUE NATIONALE DE PARIS	COMMERZBANK AKTIENGESELLSCHAFT
CRÉDIT COMMERCIAL DE FRANCE	CRÉDIT LYONNAIS
CREDIT SUISSE FIRST BOSTON LIMITED	DEUTSCHE BANK CAPITAL MARKETS LIMITED
DRESDNER BANK AKTIENGESELLSCHAFT	GENERALE BANK
GOLDMAN SACHS INTERNATIONAL CORP.	IBJ INTERNATIONAL LIMITED
LTCB INTERNATIONAL LIMITED	MERRILL LYNCH CAPITAL MARKETS
MORGAN GRENFELL & CO. LIMITED	MORGAN STANLEY INTERNATIONAL
THE NIKKO SECURITIES CO., (EUROPE) LTD.	NOMURA INTERNATIONAL LIMITED
ORION ROYAL BANK LIMITED	SALOMON BROTHERS INTERNATIONAL LIMITED
SHEARSON LEHMAN BROTHERS INTERNATIONAL	SOCIÉTÉ GÉNÉRALE
SWISS BANK CORPORATION INTERNATIONAL LIMITED	UNION BANK OF SWITZERLAND (SECURITIES) LIMITED
S.G. WARBURG & CO. LTD.	WOOD GUNDY INC.

15th November, 1985

These securities are not registered under the Securities Act of 1933 and may not be offered or sold in, or to nationals or residents of the United States. This announcement appears as a matter of record only.

J.P. Morgan & Co. Incorporated

U.S. \$200,000,000

Floating Rate Subordinated Notes Due 1997

MORGAN GUARANTY LTD.	
CRÉDIT COMMERCIAL DE FRANCE	CREDIT SUISSE FIRST BOSTON LIMITED
DEUTSCHE BANK CAPITAL MARKETS LIMITED	GOLDMAN SACHS INTERNATIONAL CORP.
MERRILL LYNCH CAPITAL MARKETS	MORGAN STANLEY INTERNATIONAL
SALOMON BROTHERS INTERNATIONAL LIMITED	SWISS BANK CORPORATION INTERNATIONAL
	UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

19th December, 1985

These securities are not registered under the Securities Act of 1933 and may not be offered or sold in, or to nationals or residents of the United States. This announcement appears as a matter of record only.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Banks set to launch Ecu clearing system

BY DAVID MARSH IN PARIS

A CLEARING system for international bank transactions in European currency units (Ecu) has been brought a step nearer following formal agreement by the Bank for International Settlements (BIS) to play the central role in the mechanism.

An accord signed in Paris between the Basle-based central bankers' bank and a group of international banks promoting the Ecu envisages that the system should start on a trial basis in October.

Six European banks—from France, Belgium, Luxembourg, the UK and Italy—will initially act as clearing banks for the system, maintaining accounts with the BIS. These will be adjusted every day to net out the claims and debits banks will build up with each other as a result of commercial Ecu transactions.

The banks are Banque Bruxelles Lambert, Credit Lyonnais, Générale Banque, Istituto Bancario San Paolo di Torino, the Brussels and Luxembourg arms of Kreditbank and Lloyds of the UK. More banks will become clearing members of the system from mid-1987.

West German banks, although members of the 58 bank-strong association set up to promote the Ecu, are not among the initial clearing members. German banks are not at present allowed to take on Ecu liabilities with German residents wishing to hold Ecu in practice opening accounts with the banks' subsidiaries in Luxembourg.

Mr René Gros, in charge of banking operations at the BIS, pointed out that the leeway for European depositors to hold

Ecu accounts would grow if France and Italy eased their exchange controls.

Central banks are playing a growing role in the private Ecu market, holding about Ecu 2.5bn with commercial banks. This is in addition to the Ecu 150m which EEC central banks hold as a result of the reserve asset-swap mechanism of the European Monetary System.

Bankers attending the Paris signing ceremony on Friday pointed out, however, that the Ecu market lacks a lender of last resort. In contrast to markets in national currencies, no central bank stands as the ultimate guarantor of Ecu liquidity in the inter bank market.

The BIS clearing accounts will be adjusted every day at 1600 hours. The individual Ecu balances of banks taking part in

the mechanism will be worked out through details of transactions relayed through the Swift international payments system.

The software system to allow Swift to carry out daily netting of banks' Ecu transactions will be delivered this July, with the system scheduled to start operating in January, 1987.

● The French market in treasury bills, which companies have been allowed to issue since last December, does not yet fulfil the conditions necessary for the security of operations and the protection of investors, the French Banks Association says, reports Reuter from Paris.

In its latest bulletin the AFB says the market should impose a minimum limit for issues, for example FF 150m (\$22m), as at present they can be very small, sometimes just a single bill of FF 5m.

Since their launch, a total FF 17bn of treasury bills have been issued by around 65 borrowers. Earlier expectations suggested that issues would total between FF 10bn and FF 20bn for the whole of 1986.

Mr Gros says the back-up line of credit which companies must obtain, equal to 95 per cent of the value of the issue, did not give subscribers an ade-

quate guarantee of repayment or ensure their protection. There is also still a lack of information for investors about the issuing companies.

The AFB says companies are not required to publish half-year results until July this year. Moreover, there is still no rating agency, although such an agency is now being set up.

The AFB says the market should impose a minimum limit for issues, for example FF 150m (\$22m), as at present they can be very small, sometimes just a single bill of FF 5m.

Since their launch, a total FF 17bn of treasury bills have been issued by around 65 borrowers. Earlier expectations suggested that issues would total between FF 10bn and FF 20bn for the whole of 1986.

Freddies sees potential gold mine area in OFS

BY KENNETH MARSTON, MINING EDITOR

A POTENTIAL new gold mining operation has been outlined in South Africa's Orange Free State on ground held by Free State Development and Investment (Freddies) before 1990.

The plan is to mine it as an extension of the large lease area now held by Free State Consolidated Gold Mines (Freegold), the company recently formed out of the merger of the Anglo American Corporation group's four OFS gold mines.

Freegold and Freddies will be responsible for 95 per cent and 45 per cent, respectively, of the net cost of developing the new area and will enjoy profits from its exploitation in

KLM share issue to go ahead this week

By Our Financial Staff

THE DUTCH Government will lose its majority stake in KLM, the national airline, this week as the company issues new shares to fund expansion plans.

A complex reshuffle of the KLM share structure will cut the state's holding from 54.8 per cent to 36.6 per cent, although the Government keeps a supervisory role and will have an option to buy back into the company if it wishes.

The share issue on the London, Amsterdam and New York stock markets is to be based on Wednesday's closing price, will help pay for them. The sale is of 15m shares, of which 6.75m will be sold in the US and the rest internationally.

KLM, which recently paid its first dividend for six years, expects net profits for the year ending March 1986 to be broadly in line with the F1 290m (\$115m) returned for 1984-85.

Munich Re growth

Munich Reinsurance expects a clear increase in turnover this year and next. The company, which is 25 per cent owned by the Allianz group of West Germany, gave the forecast when confirming details of its planned two-for-nine rights issue which will raise DM 200m (\$89m).

part of the holding last June, while the Inspiration Resources subsidiary continues to make losses.

For the full year, therefore, Minorce expects that earnings after equity accounting will be lower, but earnings from operations (which represent cash flow) will be "materially better". Meanwhile, the interim dividend is being maintained at 6 cents.

Recovery at Minorco

BY OUR MINING EDITOR

MINERALS and Resources Corporation (Minorco), the South African Anglo American Corporation group's Bermuda-registered international investment arm, reports a recovery in half-year net earnings to \$64.7m (\$43.2m) from \$22m; the total for the full year to last June was \$104.6m.

Minorco points out that its share of earnings of Phibro Salomon ceased to be equity accounted following the sale of

Big first-half setback for South African engineer

By Jim Jones in JOHANNESBURG

SIGNIFICANT declines in construction activity and set-backs in international operations have sharply cut the interim profit of Murray and Roberts, South African engineering, construction and consumer goods group.

Half-year after-tax profit dropped to Rs 11.25m (\$5.4m) from Rs 25.16m in the corresponding year-ago period. After-tax profits totalled Rs 50.32m for the year ended June, 1985.

The directors attribute the setback to the continuing decline in factory building, large costs of holding resources

for capital projects which have been delayed and a significant set-back in the foreign operations.

The company is pessimistic on immediate prospects saying that there is little prospect this year of an increase in gross domestic fixed investment on which the group is heavily dependent.

First-half earnings per share dropped to 42 cents from 74 cents and the interim dividend has been halved to 10 cents. Last year shareholders received a total dividend of 60 cents.

French Bank pays more

BY OUR JOHANNESBURG CORRESPONDENT

FRENCH BANK, the 55 per cent-owned South African subsidiary of Banque Indosuez, increased disclosed profit strongly in 1985 despite, as the directors say, the unfavourable political and economic climate.

French Bank does not disclose its profits fully, choosing to take advantage of provisions of the Banks Act which permit it to disclose profits after tax and transfers to and from inner reserves.

The disclosed profit increased to R7.46m (\$3.5m) last year from R2.93m. The board says that this was due to substantial business growth, an improvement in margins and continued tight control.

French Bank specialises in financing South Africa's agricultural exports.

Earnings per share rose to 71.77 cents from 28.15 cents and the dividend has been raised to 15 cents from 10 cents.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Avg. life years	Coupon %	Price	Book Runner	Offer yield %
U.S. DOLLARS							
Thomson Inc. Et ^t	30	1995	10	5 1/2	100	Shearson Lehman Bros.	5.560
EB (c) ^t	200	1998	9 1/2	5 1/4	98 1/2	Merrill Lynch	8.472
Miss. Finance (b) Et ^t	100	1990	12	4 1/2	100	CSFB	8.413
Victoria Public Art. Fin. Et ^t	100	1995	18	5 1/4	99 1/2	Morgan Stanley	8.219
Transamerica Corp. Et ^t	75	1991	5	5 1/4	100 1/2	Morgan Guaranty	7.561
Hellenic Et ^t	50	1993	7	7 1/4	101	Deutsche Winter. Cap. Mkt.	8.000
Continental (Hormann) (d) Et ^t	250	2000	20	4 1/2	100	Banque Paribas	8.500
Centurion Savings Bank ^t	100	1993	7	3 1/4	98 1/2	Merrill Lynch	8.583
New Zealand Et ^t	200	2010	30	5 1/4	99.575	Morgan Stanley	8.125
Warren Lambert Et ^t	100	1996	19	5 1/4	100	Morgan Stanley	9.750
Ice ^t	100	1995	18	5 1/4	100	CSFB	8.500
Americana General Et ^t	150	1998	12	5 1/2	100	Deutsche Europe	8.500
BNP (b) ^t	100	1993	7	3 1/4	100		
AUSTRALIAN DOLLARS							
C. wealth Et Australia ^t	125	1991	5	8	95.45	Orion Royal Bank	12.517
American Express ^t	100	1991	5	8	95.50	Shearson Lehman Bros.	12.497
AMZ Banking Group ^t	100	1991	5	8	95.25	Orion Royal Bank	12.593
CBIC Australia ^t	150	1996	10	8	90.575	CBIC Ltd.	6.125
D-MARKS							
Series 0 Euro-DM Secs. Et ^t	517.8	2006	28	0	27.00	Commerzbank	6.760
Series 0 Euro-DM Secs. Et ^t	219	2011	25	0	22.00	Commerzbank	6.244
Series 0 Euro-DM Secs. Et ^t	517.8	2021	35	0	12.55	Commerzbank	6.100
Series 0 Euro-DM Secs. Et ^t	856	2026	40	0	9.70	Commerzbank	5.900
BATIF ^t	100	1996	10	5 1/4	100	Commerzbank	6.125
SWISS FRANCS							
Swiss Food *** ^t	88	1991	—	1 1/2	100	SBC	1.87
Tower Real Estate *** ^t	60	1991	—	1 1/2	100	Credit Suisse	2.000
Olivetti (Lc.) ^t	524.52	1996	—	3 1/2	100	UBS	3.500
Council of Europe ^t	250	—	—	5 1/2	100	Banca del Garda	—
Restaurant Selex ^t	50	1991	—	2 1/2	100	Morgan Stanley	—
Swedish Export Cr. Et ^t	200	—	—	7 1/4	100	Clipco Et (Switz.)	—
STERLING							
3I ^t	60	1993	7	10	100 1/2	S.G. Warburg	9.898
IC ^t	100	2003	17	10	95 1/2	Morgan Grenfell	10.063
SBC Finance ^t	75	1991	5	5 1/4	101 1/4	SBC	9.529
Nat. Australia Bk ^t	50	1991	5	5 1/4	100 1/2	Samuel Montagu	10.338
MEPC ^t	75	2003	17	10 1/4	100	Morgan Grenfell	10.250
Brookly Inv. ^t	50	1991	5	10	100 1/2	Uxley M. client Bk	9.981
EDC ^t	200	1996	10	5 1/2	100	Banque Paribas	8.000
Outram's O ^t	60	1996	10	8	100	Kamakura-Daichi-P.	—
DANISH KRONER							
OKG ^t	250	1992	6	8 1/4	100	Swedka Int.	8.750
YEN							
EDC ^t	200	1992	10	5 1/2	99.45	Daive Sacs.	5.7

Bristol & West BUILDING SOCIETY

A MEMBER OF THE BUILDING SOCIETIES ASSOCIATION

Notice is hereby given in accordance with the Society's Rules that, as from 1st April 1986, the rates of interest per annum payable on investment accounts will be as follows:

CLASS OF ACCOUNT	NET Basic rate tax paid	GROSS Equivalent at 29% tax rate*
Special Three Month	8.80%	12.39%
Bristol Triple Bonus £10,000 and above	8.80%	12.39%
£5,000 to £9,999	8.55%	12.04%
£1,000 to £4,999	8.30%	11.69%
Bristol Triple Bonus Income £10,000 and above	8.55%	12.04%
£5,000 to £9,999	8.30%	11.69%
£1,000 to £4,999	8.05%	11.34%
Bristol Plus Account	7.75%	10.92%
Savings Shares	7.00%	9.86%
'Snoopy' Savings	6.25%	8.80%
Bluecard	6.00%	8.45%
Fully Paid Shares	6.00%	8.45%
Deposits	5.75%	8.10%
A.V.C. Accounts	13.00%	Gross

* Current basic rate of tax is 30% but from 6th April will be 29%

- Differentials on accounts not listed where the interest payable is linked to the Fully Paid Share rate are unaltered.
- Yields on S.A.Y.E. accounts are unchanged.
- Interest on accounts subject to basic rate tax will be reduced by 1.00% net p.a.

MORTGAGE INTEREST REDUCTION

From 1st April 1986 the Society's standard mortgage rate is being reduced to 12% per annum. For existing borrowers, this rate will apply from the above date irrespective of the period of notice specified in their legal charge.

24th March 1986

B. SIMS (Secretary)

Bristol & West Building Society

Head Office, Broad Quay, Bristol BS99 7AX.
Assets exceed £2,250 million.
Shares and Deposits in this Society are Trustee investments.
Service at over 500 branches & agencies from Aberdeen to Penzance.



International City Holdings PLC

Independent Brokers in Financial Markets

"SUSTAINED GROWTH CONTINUES"

Chairman Robin Packshaw

* Pre-tax profit up 36%

* Revenue turnover increased by 21%

* Profit attributable to shareholders up 28%

* Interim dividend of 3.0p a share as forecast

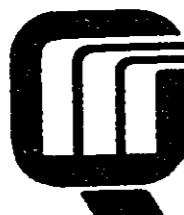
Interim Results (unaudited)	Six months ended 31st January 1986 £'000's	1985 £'000's
Revenue	24,607	20,366
Profit before taxation	6,085	4,477
Taxation	1,215	668
Minority Interests	25	12
Profit attributable to shareholders	4,845	3,797
Dividend (3p net per share - 1985 nil)	1,388	-
Earnings per share	11.8p	10.4p

International City Holdings PLC

34-40 Ludgate Hill, London EC4M 7JT. Telephone: 01-248 3242 Telex: 889413

New Issue

All these securities having been sold, this advertisement appears as a matter of record only



Marquest

MEDICAL PRODUCTS, INC.

Englewood, Colorado USA

6% Bonds 1986-1994 of SFr. 25,000,000

BANQUE GUTZWILLER, KURZ, BUNGENER S.A.

NISSON KANGYO KAKUMARU (SUISSE) S.A.

DAI-ICHI KANGYO BANK (SCHWEIZ) AG

HOTTINGER & CIE SANYO SECURITIES & FINANCE (SWITZERLAND) S.A.

RUEGG BANK AG

VOLKS BANK WILLISAU AG

BANQUE SCANDINAVE EN SUISSE

THE INDUSTRIAL BANK OF JAPAN (SWITZERLAND) LTD

PRUDENTIAL-BACHE SECURITIES INTERNATIONAL

acted as Advisor to the Borrower in this transaction

February 1986

INTL. APPOINTMENTS

Cappy steps up at AMC

BY OUR FINANCIAL STAFF

AMERICAN MOTORS Corporation, the fourth largest US carmaker—in which Renault, of France, holds a 46 per cent stake—has re-organized its management for the second time in three months, in moves which bring Mr Joseph E. Cappy into the chief executive role.

Mr Cappy, 51, joined AMC—which has been fighting financial problems in recent years—from Ford, and took up the post of chief operating officer, with responsibility for the company's day-to-day manufacturing, in

He steps up as Mr Jose J. Dedeckerwaerder, 53, who was president and chief executive, moves to the post of vice chairman, while remaining chairman of the executive committee. Mr Cappy had come to be in the offing since Renault strengthened its grip on AMC through the appointment of Mr Pierre Semerena, the Renault executive vice president, as chairman in December in place of Mr Paul Tippett—who cut his active involvement with AMC last year, becoming president of Springs Industries, the South Carolina textiles manu-

facturer.

Among the jobs changing as

part of the AMC reshuffle is that of chief financial officer, with Mr John P. Tierney taking over from Mr Jean-Marc Lepu on April 30, on Mr Lepu's return to Renault after more than five years with AMC.

Mr Lepu will, however, remain a director of AMC, from April 30, Mr Kenneth A. Lawton, the AMC treasurer, will add to the post the duties of vice president and Mr Joseph Chama Saour will become controller.

Chief financial officer for Sikorsky Aircraft

SIKORSKY AIRCRAFT of the US, the subsidiary of United Technologies, has appointed Mr H. Stephen Harvey chief financial officer. He was previously vice president-controller at United Technologies' Pratt and Whitney government products division.

Mr James R. Bowman has

been appointed Sikorsky's media relations manager for research and development programmes.

Mr Oliver S. Travis, Jr, 60, becomes president of Al's consumer businesses worldwide, which previously constituted the industrial and special technologies groups. Mr Cappy will also assist Mr Robert J. Buckley to pursue the companies' policy of selling companies outside its key businesses.

Mr LINDSAY FERGUSON, chairman and managing director of Mobil Oil New Zealand, the offshoot of the second largest US oil concern, has been appointed manager, international planning, for Mobil Corporation, the parent, New York marketing and refinery division.

The New Zealand-born Mr Ferguson joined the company in New Zealand in 1960. He has served in a number of senior management positions with Mobil in overseas countries, including that of general manager, planning Australia, managing director Malaysia Australia, and New Zealand area co-ordinator based in New York, and as chairman and managing director, Greece.

Mr Ferguson returned to New Zealand in 1983. He also serves as director or chairman of a number of organisations linked to Mobil in the oil and synthetic fuels areas. Mr Robin Marrett, at present chairman and managing director of Mobil Oil Hong Kong, will take over from Mr Ferguson in New Zealand.

Mr Marrett, an Australian, has also served in a number of senior management positions. In 1974 he was appointed general manager planning for Mobil Australia, and later—after serving in New York—he returned to Australia as manager public affairs. In 1981, he became manager, manufacturing planning in Mobile Europe, taking up his Hong Kong position in 1983.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The object of the move, the airline says, is to allow Mr Norman Geary, the managing director of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and off-shore scenic boat services, as well as skifields.

Air New Zealand also owns Safe Air, the cargo airline and has hotel and accommodation interests.

Mr Norman Macfarlane assumes responsibility for marketing and administration, and Mr Jim McCrea that for airline operations and personnel.

The airline recently acquired 50 per cent of Jetset Tours, and has increased its holding in the Mount Cook group to 77 per cent. Mr Geary becomes chairman of Mount Cook, which operates a tourist airline, coach, road haulage and

UK COMPANY NEWS

Charles Batchelor on WPP's first test of its grand strategy

The team has yet to prove itself

ONE OF the most intriguing corporate transformations the City has seen recently is under way at WPP Group, a small Kent-based manufacturer of supermarket trolleys and shopping baskets.

After 15 fairly uneventful, if reasonably prosperous, years Wire & Plastic Products, as WPP used to be known, was transformed last May into the during of the stock market. Its shares have risen from 44p to 445p in just 10 months.

WPP owed its sudden emergence into the spotlight to the arrival of Mr Martin Sorrell, finance director of Saatchi & Saatchi, and Mr Preston Rahl, a partner of stockbrokers Henderson Crosthwaite, as large shareholders and directors.

It was not obvious at first what Sorrell and Rahl planned to do with WPP, but it is now becoming clear that they intended to add a sales promotion arm to the company's existing manufacturing business. While the promotion side is built up, wire bending and plastic forming will, they hope, continue to turn in £50,000-£50,000 pre-tax profits a year.

The annual report ten days ago that WPP was making an £8m takeover bid for Promotions House (PH), a listed sales promotion company, heralded the most ambitious move so far by the Sorrell/Rahl team.

If it succeeds it will give WPP a useful base from which to launch its assault on the rapidly growing market for sales promotion and employee incentive schemes.

In spite of its relatively low profile the sales promotion market is estimated to be worth about £60m compared with the £4.5m value attributed to the better known world of advertising.

Sales promotion ranges from a "5% off your next purchase" coupon on a packet of toothpaste to an all-expenses-paid trip to the Caribbean for a company's top salesman and his wife.

WPP seems guaranteed a tough fight in the first major test of its grand strategy. Mr Alan Taylor, PH's managing



Hugh Routledge
Mr Martin Sorrell, finance director of Saatchi & Saatchi (left) and Mr Preston Rahl, partner of Henderson Crosthwaite

director, dismisses WPP as a "piecemeal operation" and Sorrell and Rahl as lacking in expertise in sales promotion. He threatens mass defections if the bid is not accepted.

The dramatic increase in WPP's share price owes much to the reputation built up by Sorrell over the past eight years at Saatchi. Sorrell's financial skills guided an ambitious acquisition programme which transformed the small British company into a worldwide advertising and marketing group.

A formal announcement is expected shortly to the effect that Sorrell, who is 41, is to devote himself fully to the expansion of WPP. He will remain a director of Saatchi but will relinquish his financial responsibilities. This compromise is intended to maintain Sorrell's links with Saatchi, but at the same time give him a chance to fulfil a long held ambition to develop his own business.

He is partnered in his ambitions by Rahl, 37, an accountant by training, who he first met

over a business lunch some three years ago.

Rather than start from scratch the two men set out to find a company which could act as a vehicle for their ambitions. They looked for a USM-listed group offering a combination of good earnings, competent management and a relatively simple product range.

After casting around for several months they lighted on Wire & Plastic Products, which had the bonus of a full stock market listing.

Last May, WPP issued 1.38m shares to Sorrell and Rahl giving them a 27 per cent stake in its future. WPP's share price immediately leaped and was given an additional boost in December when Saatchi and Saatchi took up a 10 per cent

WPP bid.

Taylor claims that Sorrell has a conflict of interest, acting for WPP while still a director of Saatchi, which also has sales promotion interests. Sorrell denies this charge pointing out that Saatchi is in a different field of promotion.

Taylor may be on firmer ground attacking the vulnerability of WPP's shares to a change in stock market sentiment. There is, after all, no cash alternative.

"It is hard for me to justify our share price," concedes Rahl. "But the institutions believe we are going to build a very large services business."

Nevertheless, the WPP share price owes much to hope and the magic of the Saatchi name. Sorrell and Rahl have yet to demonstrate their ability to build and manage an independent business.

After this month WPP added P & L International Vacations, a consultancy organising confer-

Trinity up after slow start

AFTER A slow start, strong trading from Trinity International Holdings' papermaking and packaging companies in 1985 and good dollar earnings from the North American newspapers pushed pre-tax profits ahead of the previous year.

On turnover up by 9 per cent from £76.33m to £83.37m taxable profits came out slightly up at 26.69m against 26.55m. From earnings per 50p share of 39.3p (34.3p), the directors are proposing a final payment of 10.8p (8p) making a total for the year of 15p against last year's 12.2p.

The directors say the recovery owes more to management and capital investment than to trading conditions.

A breakdown of trading profits shows that UK papermaking and packaging improved from £3.21m to £5.73m, North American newspapers £1.78m

(\$2.85m), and UK newspapers £86.9000 (£1.03m).

Directors say that UK newspapers, based on Merseyside, including the Liverpool Daily Post and Echo, were affected by the local economic problems.

They add with no improvement foreseeable acceptable profits can only be achieved by cutting costs.

The strong pound cut pre-tax profits by £100,000 following the currency gains of £300,000 in 1984.

The tax charge was £2.29m (£2.63m) and there was an extraordinary credit of £108,000 (£845,000) being the proceeds of the sale of the second tranche of Renter "B" share less rationalisation costs at the Liverpool newspapers.

The present year has started satisfactorily and the directors say that there are signs of 1985 profits being exceeded.

Refuge profits rise 17%

A NEAR 17 per cent rise in pre-tax profits from £6.34m to £7.4m in 1985 is reported by Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

The group reports a steady increase in life premium income in 1985, with ordinary business income up nearly 10 per cent to £51.98m.

Refuge Assurance, increased 16 per cent from £2.35m to £2.72m and that from industrial business by almost 10 per cent from £3.00m to £3.33m. Investment income showed a 26 per cent rise from £1.06m to £1.34m.

FINANCIAL TIMES SURVEY

Monday March 24 1986

Electronic Financial Services

Financial information in all its forms is the driving force of the electronic database industry. In the US alone, where several thousand services are now available, industry revenues could soar to \$10bn a year by the end of the decade.

An information revolution

BY RAYMOND SNODDY

ELECTRONIC information services are coming of age. An area once dominated by obscure scientific and technological bibliographies on American databases, is now rapidly showing signs of greater business maturity, growing diversity and customer acceptance.

New databases are springing up all the time, although many of those already in existence are finding it a struggle to make money.

Major players see the potential for growth and are increasingly being attracted to a sector where only smaller but enthusiastic entrepreneurs once reigned supreme.

Last month, British Telecom, potentially one of the largest players of all, announced it would launch a computer-based news and company information service by the end of April.

Entry into the sector is being sought, too, by Citicorp, the US bank, which last week announced a \$680m bid for Quotron, a Los Angeles-based supplier of stock quotations and data services to 80,000 customer terminals.

The day before the BT announcement, the Financial Times held a press conference to announce the setting up of its eighth electronic business service — McCarthy Online, offering a daily record of the full text of articles from 58 business publications from around the world, through most

existing desktop terminals. At the same time as new ventures are opening up, older ones such as Prestel, Britain's pioneering videotext service, is finally operating at a profit after a seven-year struggle.

Teletext, still only partially developed to provide subtitles on television programmes for the deaf and hard-of-hearing, is being seen as having considerable potential for broadcasting time-sensitive information to private clients.

Optimism

One of the factors behind the growing optimism in information services is the increased penetration of micro-computers in every aspect of business and professional life. More people, particularly at middle management level, are becoming more comfortable with screen-based information. They now have the computing power available at their desks—not only to call up, but also to manipulate, electronic information.

Databases are moving out of the hands of librarians and researchers straight on to the desks of "end-users." The pattern emerging in the US suggests that the growth in the use of electronic information is in the process of changing the way not only business customers but also private individuals obtain an increasing proportion of their information.

According to some estimates, there are already several thousand different databases in the US and revenues which totalled \$1.2bn two years ago

are projected to rise to \$10bn by the end of the decade.

Some companies, such as H. & R. Block's Compuserve Information Service, has increased the number of subscribers by nearly 50 per cent.

IDP Report, a database newsletter, found that 30 selected online services had an average growth rate of 32 per cent last year.

More and more companies and individuals are accessing databases for information on everything from legal precedents and medical research to credit-checking. Information World Review, a new traditional monthly newspaper for the information industry, even reports that a UN agency has set up a pilot project for a database on the environment covering everything from the habitats of elephants to the effects of new dam construction.

Financial information in all its forms is, however, still the driving force of the industry. Information systems are already sophisticated enough to supplement, if not yet entirely replace, physical market floors for trading.

Two well-known examples are the Reuter foreign exchange dealing system, where deals are not only struck virtually instantaneously on screen, while a paper record is supplied, as most as quickly, and NASDAQ, the over-the-counter exchange in the US.

A more dramatic example is the completely automated on-line futures exchange, Intex,



which is based in Bermuda and enables dealers to trade in futures by keying instructions into their terminals wherever they are and watch markets move on their video display terminals.

Although such specialists as dealers seem to have a boundless appetite for screen-based information, this has led to a proliferation of terminals on individual desks.

Reuters, through its purchase of Rich Inc of Illinois, may be able to tackle this problem. The Rich Composite Information System allows any information in the system to be displayed on screens under the control of a single keyboard.

The UK business database market is dwarfed by the real-time financial systems. But according to a new report, How in the UK the market for financial services is dominated by Reuter which provides data to around 54,000 screens and 6,300 teleprinters worldwide. This represents more than 17,000 subscribers to business information services.

Reuters emerged at the top in a recent survey of dealers and financial systems by First Market Intelligence, followed by the AP Dow Jones Service, Teletext and Topic. Significantly, all three are suppliers of real-time price information.

Argues that apart from the increased use of micro-computers in business, the growth is coming because of the stream of new database services and a growing appreciation of their potential.

Reuters, through its purchase of Rich Inc of Illinois, may be able to tackle this problem. The Rich Composite Information System allows any information in the system to be displayed on screens under the control of a single keyboard.

The UK business database market is dwarfed by the real-time financial systems. But according to a new report, How

in the UK the market for financial services is dominated by Reuter which provides data to around 54,000 screens and 6,300 teleprinters worldwide. This represents more than 17,000 subscribers to business information services.

The report warns that the database industry has to bear in mind the fact that the product must fit the user's need and that both the product and the marketing effort must be ade-

quate to ensure a profitable operation.

The author of the report, Paul Ormerod, notes the entry into the field of major European information publishers, but he does not believe they will necessarily have it all their own way.

While the odds in this situation favour the larger information producer and provider, and probably the integrated business, this is unlikely to discourage the appearance of many new products and services over the counter, using people who have identified gaps in the market," he argues.

Apart from the trend towards more fully integrated electronic information businesses, changes in the technology itself could have a dramatic effect on the

ON OTHER PAGES	
On-line information services	2
Technology developments	2
The world's stock exchanges	3
Personal computers—the pathway to the databases	4
Credit-checking facilities	4
Teletext: range finds broader base	5
Profile: Prestel in profit	5
Profile: Datasolve	5
The US: an explosion of new databases	6
A selection of some of the leading US database services	6
Japan: larger financial groups lead the way	6

● Pictured left: the dealing room at Rowak in Finsbury Avenue, London. Financial specialists are now spoilt for choice as regards the growing number of on-line information services available to them.

Picture: Roger Taylor

future of the industry. Many specialists believe the future belongs to "relational databases," where information is stored in a way that each piece of information can be analysed in a variety of different ways, depending on the customer's individual needs.

Furthermore, Dunc Bradstreet, the credit-management organisation, has come up with a way of making their service more accessible. The company plans to launch "DunsVoice," a credit-checking service, using computer-generated speech, to answer telephone inquiries.

"How to Market Online Business Information to End Users," Paul Ormerod, Headline Press, Freetport 22, London EC1A 7QT, price £295.

Hexagon. Secure as a bank vault in your office.

- 1 Activity Query
- 2 Authority Control
- 3 Delegate Control
- 4 Password Control

Welcome to
HEXAGON
MANAGEMENT CONTROL

An electronic banking system for corporate customers must provide the highest standards of security and management control.

With HongkongBank's Hexagon you stay firmly in charge of your own worldwide financial affairs.

Hexagon uses the HongkongBank group's privately-owned global data communications network. All information passing between your personal computer and the Bank's mainframe computer is scrambled, using the latest data encryption technology. Dual and multi-level authorisation, enforced automatically, allows your senior executives to delegate routine activities to their staff while retaining overall control. Individuals using Hexagon must uniquely identify themselves through special passwords.

These and other sophisticated security features combine to provide safety and confidentiality for your company's finances.

Hexagon is state-of-the-art corporate electronic banking from the HongkongBank group, one of the world's leading financial institutions with more than 1,200 offices in 55 countries.

To find out more about Hexagon and how it can help your company, contact the Hexagon Centre at: 99 Bishopsgate, London EC2P 2LA, United Kingdom. Tel: (01) 638-2366 or your nearest branch of the HongkongBank group.

Hexagon.
Puts the power of the bank
in your hands.

HongkongBank

The Hongkong and Shanghai Banking Corporation

Marine Midland Bank • Hongkong Bank of Canada • HongkongBank of Australia
The British Bank of the Middle East
Hong Kong Bank Limited • Wardley Limited
HongkongBank Limited

CONSOLIDATED ASSETS AT 31 DECEMBER 1984
EXCEED US\$61 BILLION.

BAUDIS

The Information is Priceless. The Password is Free.

No-one in business can put a price on good information — it is simply an essential part of the decision-making process. But with so much information available in so many forms, it's hard to find exactly what you need.

Let Pergamon InfoLine help you.

Over the past decade, InfoLine has established an unrivalled collection of business information sources — covering everything from addresses and activities to profits and products. All available in the most convenient way possible — through a direct telephone link from any microcomputer in your office.

Now if you think this sort of facility sounds expensive, think again. InfoLine will issue you with your free password to our comprehensive store of information. There are no subscription charges and no hidden extras. You simply pay for what you use.

For further information and your free password, simply call us today on 01-377 4650 or return the coupon below.

You'll also receive details of our introductory free search-time offer.

PERGAMON

**INFO
LINE**
The Search is Over

Name _____
Address _____
Return to: Pergamon InfoLine Ltd, Marketing Department, 12 Vandy Street, London EC2A 2DE Telephone: 01-377 4650 Telex: 8814614

Home & Office Banking is here!



No more queues, no more delays. Now you can bank from your own home and, among other things:

Instruct payment of bills up to 30 days in advance and take full advantage of any free credit period.

Switch spare cash into your Home and Office Banking Investment Account where it will immediately earn high interest.

Keep track of your finances by viewing up to the last 3 months of 250 transactions on each of your accounts.

Order cheque books and statements.

Prestel is a registered trademark of British Telecom. © 1985 Bank of Scotland plc.

This unique Bank of Scotland service comes to you via Prestel and your own television set, and moves banking technology into the twenty-first century.

This service is available:

From 11.00 to 19.00, wherever you are in the UK, by calling in to your local Bank of Scotland branch or by sending a fax.

Or, if you prefer, you can log on to the service via a telephone or computer terminal or by sending a fax.



I would like to know all about Home and Office Banking from Bank of Scotland. Please send me your information pack.

Post to: Home and Office Banking Centre, Bank of Scotland, FREEPOST, Edinburgh EH1 0AA.



08 03 24

NAME _____

ADDRESS _____

POST CODE _____

Electronic Financial Services 2

Reuters alone provides financial information to 54,000 screens worldwide.

Dealers spoilt for choice

On-line Information

ALAN CANE

DEALERS and other financial specialists are spoilt for choice of on-line information services in London today. From a mere handful of services before 1980, there are now 300 different services available.

Reuters dominates the field in the UK. A recent survey of dealers and financial information systems carried out by First Market Intelligence (FMI) shows Reuters at the top of the information providers' league table, followed by the AP Dow Jones service Telerate, Topic and Datastream, in that order.

Next came Finsbury, Data Services while ADF Comprend, Dialog and Pergamon Infoline shared sixth place. The last two places in the top 10 were filled by Quotron and Dun & Bradstreet.

To be fair, the FMI survey measured the popularity of the services used by customers and not the size or significance of the information providers themselves.

Exel, for example, did not appear in the top ten although it is certainly one of the major companies in the field; its information, however, is distributed to a number of other service suppliers as well as appearing on its own Exshare service. It shares the marketing and production of Exshare with Reuters.

The top three companies in the league, Reuters, Telerate and Topic all provide real-time price information.

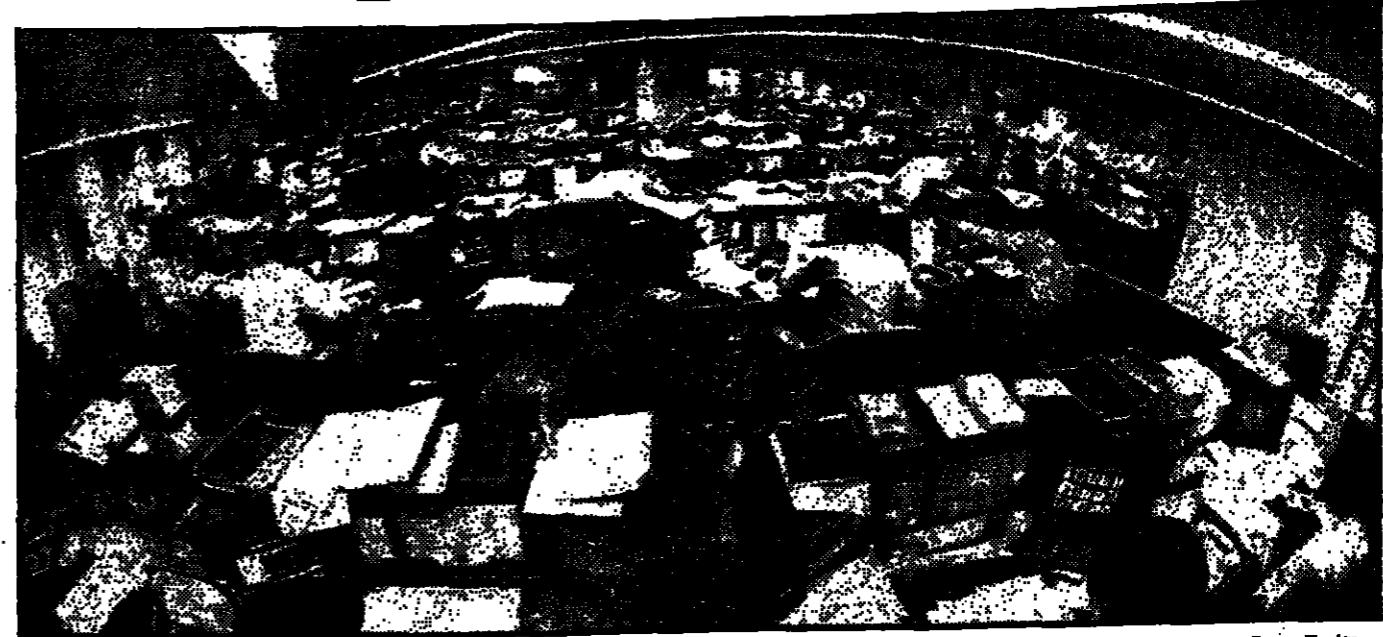
FMI's survey discovered, perhaps not surprisingly, that dealers are active and heavy users of on-line information. They do, however, prefer to stay with established services such as Reuters, Telerate and Topic because:

• These services have proved themselves to be fast in the provision of data.

• Newer services have yet to establish a track record of accuracy or reliability.

• The addition of a new service usually involves the addition of another piece of hardware on an already cluttered desk.

But they are realists. Mr Nigel Killick of FMI says: "Dealers like money. No matter what was on offer, even



London dealers can now choose from a range of 300 different on-line services. Above: The new dealing room at National Westminster Bank in the City.

the most ridiculous idea—if you could convince them that it would help them in their dealing, they would accept it."

The report also notes: "Our research has shown many cases where Reuters is not used in isolation for foreign exchange, but works alongside Telerate. For those larger institutions which possess the resources to cover all the information requirements, the services of Reuters and Telerate are seen to complement one another."

"Talking to foreign exchange dealers, we were struck by the fact that they make deals on the basis of information from a thousand and one sources—not just the two or three generic on-line, flashing out real-time prices and never, but traditional services such as specialists in the marketplace who they will telephone to confirm prices and rumours, together with circulars, the newspapers

and even the radio in some cases."

But that as it may, the key to Reuters' present profitability is its unparalleled range of screen-based services. It provides data to some 54,000 screens and 6,300 teleprinters worldwide, representing more than 17,000 subscribers to business information services.

The list includes foreign exchange and money market services together with services for commodities, securities, bonds, shipping, energy, coins and precious metals, dealing, interface products, graphics, arbitrage, position keeping, historical data and news.

Reuters' own technology is decidedly more than its current range of Reuters, in Illinois in the US has given it access to one of the best of the new video-switching technologies.

The idea is to tackle the most pervasive problem in the deal-

ing room today: the clutter of video screens on the dealer's desk.

The Rich Composite Information System confronts the dealer with one or more screens but a single keyboard. Any information in the system can be displayed on any screen under control of the keyboard.

Special innovations in CIS include source page pooling, a technique which allows many users to look at the same source page from a single data controller, and data page manager providing access to any information source using a direct digital feed (stream of computer data).

CIS reduces the cost of information through its ability to access any of the current services. FMI notes: "Rich is the only company that Reuters will happily provide their service through a digital feed (Reuters will provide through others but only under consideration and pressure)."

Telerate provides high quality information principally from the US money markets. Its services include money markets, world currency, commodity news, international cash market profiles, and Telerate PDI, a futuristic device not yet available in the UK.

It comprises a hand-held monitor, looking a little like a cross between a transistorised radio and a radio pager. Some 300 Telerate pages have been converted to run on the device, including foreign exchange and currency futures, fiscal income markets, world bullion markets and precious metals futures and energy.

The information is relayed from the source by radio and displayed on a tiny liquid crystal display.

The Topic service of the London Stock Exchange now reaches over 3,000 terminals in the UK.

Topic is a low-priced but generally effective viewdata-based system carrying market process, company announcements, market overviews, exchange rates, traded options, North American prices and crude oil prices among others.

It also provides a variety of

computer-readable services such as "Hotline," a real time feed of market mid-price data on the continuous securities.

The Rich Composite Information System confronts the dealer with one or more screens but a single keyboard. Any information in the system can be displayed on any screen under control of the keyboard.

Special innovations in CIS include source page pooling, a technique which allows many users to look at the same source page from a single data controller, and data page manager providing access to any information source using a direct digital feed (stream of computer data).

CIS reduces the cost of information through its ability to access any of the current services. FMI notes: "Rich is the only company that Reuters will happily provide their service through a digital feed (Reuters will provide through others but only under consideration and pressure)."

Telerate provides high quality information principally from the US money markets. Its services include money markets, world currency, commodity news, international cash market profiles, and Telerate PDI, a futuristic device not yet available in the UK.

It comprises a hand-held monitor, looking a little like a cross between a transistorised radio and a radio pager. Some 300 Telerate pages have been converted to run on the device, including foreign exchange and currency futures, fiscal income markets, world bullion markets and precious metals futures and energy.

The information is relayed from the source by radio and displayed on a tiny liquid crystal display.

The Topic service of the London Stock Exchange now reaches over 3,000 terminals in the UK.

Topic is a low-priced but generally effective viewdata-based system carrying market process, company announcements, market overviews, exchange rates, traded options, North American prices and crude oil prices among others.

It also provides a variety of

Technologists believe the future belongs to relational databases which allow users to analyse information from different viewpoints.

Tailored services will test limits of technology

Keys to development

ALAN CANE

SIMPLE PROVISION of information is no longer enough; the key to the future lies in selling an information package which seems tailored to each individual user and that will stretch the technology to its limit.

There are three basic components in any system designed to provide customers with economical and immediate access to information held in a computer memory.

First, a way of capturing the data speedily and in a cost effective manner. Second, a method of arranging the information in the memory of the computer so the customer can have access to it quickly and effectively. Third, a technique for presenting the information to the customer so it seems both useful and accessible.

Experienced electronic publishers like Mr James Ducker, managing director of Pergamon-InfoLine and formerly with Datastream, argue that the central technology, the computers and the disk drives which hold the information ready for immediate access, is now mature.

Conventionally, comparatively large mainframes are used to provide on-line information services, although "superminis" computers also have sufficient power and capacity.

The UK Prestel service, for example, runs on a series of GEC minicomputers.

The heart of any on-line system, however, is the disk drives.

Information is "written" on the magnetic surface of large metal disks which spin endlessly in the drives. The information is read off the disk by a read/write head which is moved over the disk surface as an articulated arm. The whole device is a little like a large, futuristic record player.

The disk drive is a compromise between the speed needed to provide a customer with information in a reasonable time and the cost of semiconductor storage.

There is little now that can be done to improve the speed with which the articulated arm moves to position the read/write head over the desired section of the disk—that is limited by the physics and mechanics of the device.

Most computer technologists

believe, however, that the future belongs to what are called "relational databases" sets of information which are stored in the computer in such a way that the relationship between each piece of information and the rest can be analysed in different ways.

For example, it would be

CONTINUED ON PAGE 3

ICE SHAREWATCH

A NEW ONLINE COMPANY INFORMATION DATABASE FROM ICC

Details of share ownership in UK quoted companies

For each security shareholdings of 0.25% and above are displayed — with name of holder and size of holding — in descending order of size.

Available on TOPIC as a Closed User Group service; access also via ICC Viewdata, Dialog and Data-Star

For details and demonstrations contact

Diane Salmon Ref FT1
ICC DATABASE
81 City Road, London EC1Y 1BD
Tel: 01-250 3322

ICC AN ICC INFORMATION SERVICE

FINANCE

Accurate, immediate, relevant information from the leading monthly newsletter on financial information systems.

For a complimentary copy phone Helen Perry on 01 437 4343 or write to Online Finance, 12/13 Little Newport St, London WC2H 7PP.

Electronic Financial Services 3

With the advent of the electronic stock exchange, deals are being struck in seconds.

Rapid data: a vital commodity

The world's stock exchanges

ALAN CANE

INFORMATION TECHNOLOGY can force organisations to reassess their business ambitions with searching clarity.

Banks, for example, traditionally in the business of taking deposits and making loans are now firmly in financial information publishing through their cash management services.

And the world's stock exchanges, ostensibly market places for the buying and selling of gifts and equities, are taking up much the same role through the dissemination of market prices and other dealing information.

Electronic technology is, in fact, driving a powerful convergence between the role of a stock exchange in providing a market-place and its role as a disseminator of information to its members and customers.

The logical conclusion of this process will be the development of information systems of such sophistication that they supplant the physical market floor entirely, providing an electronic exchange through which members can deal as well as receive market information.

Examples of this kind of convergence already exist in the Reuters foreign exchange dealers system and the NASDAQ over-the-counter exchange in the US.

Bermuda

Perhaps the best example, however, is the completely automated on-line futures exchange, Intex, based in Bermuda, formed by a special act of the Bermuda Parliament in 1981.

It was founded by a group of US business men committed to the idea of a more traditional way of carrying out futures trading.

They include Mr Eugene Gummer, formerly director of international commodities at Merrill Lynch and Mr Wallace Sellers, director of diversification and joint ventures at Merrill Lynch.

Running on a powerful computer complex built by Digital Equipment Corporation (DEC) of the US, the exchange currently trades contracts such as the 100 ounce gold future contract and the Ocean Freight Rate Index Contract. Market



Ashley Ashwood

Japanese brokers in action surrounded by visual display units on the bond trading floor of the Tokyo Stock Exchange.

one fact is certain — the concept of an electronic market floor is here to stay."

So the world's stock exchanges are investigating anxiously and urgently the position they should adopt in these new markets, often against a background of discontent and dissension from their members who would be happy to settle for a more traditional role.

In London, for example, where the end of minimum commissions and single capacity dealing is driving the "Big Bang" scheduled for October 27 this year, there was considerable debate among Stock Exchange reporters before it decided to go ahead with its own electronic information services.

It already operates a low-cost but effective system called Topic based on viewdata technology. This is fed by a team of Exchange reporters who collect prices on the market floor and put them into the Exchange's data collection computers.

This computer readable feed, known as Marketline, is among the more important of the Exchange's information publishing activities because it provides the raw material for the Exchange member's own computer systems to work on.

The argument goes that while every broker/dealer has access to the SEAQ information, those with computer systems which

can process the data into a more immediately useful form, will have an immediate competitive advantage.

Furthermore, they will be able to resell this information to become information providers in their own right.

So Hoare Govett, for example, one of the London City stockbroking firms established Datastream as its research department back in 1964. By 1970 it was installing computer terminals in its client's offices to provide access to a securities database and by 1983 had been sold to a consortium of UK businesses and then acquired by the major US financial information organisation, Dun and Bradstreet.

Private clients

Hoare Govett now offers information to a closed user-group on Prestel, the British Telecom viewdata service. It offers general financial information to any Prestel subscriber, but its summary of world markets, London stock market reports and portfolio management services are available only to its private clients.

Hoare Govett also offers a "telebroking" service, the first in the UK, through which shares can be bought and sold over Prestel — an investment and early pointer to the electronic market floor of tomorrow.

Information from US exchanges is available in Europe through a number of on-line information providers including Reuters, Quotron and Telerate, but one of the few providers of real-time information from all the Japanese Exchanges is Quick, the Quotation Information Centre KK. (Reuter operates a Japanese language service, but only in Japan itself).

A new service specially tailored to Europe is being readied for launch in April 1986 providing trading range, price, opening, high, low and volume details for the Tokyo, Osaka and Nagoya exchanges.

First Market Intelligence notes: "The arrival of an English version of Quick has long been awaited by UK users. The main criticism has been that although details were accurate and reliable, all the headings were in Japanese. Not much help for non-users of either Kanji or Hiragana."

So the advent of the electronic stock exchange may be slowed by factors other than the sophistication of the technology.



A Bahraini dealer checking currency rates at the foreign exchange dealing room of the Gulf International Bank at Manama.

Tailor-made data services

CONTINUED FROM PAGE 2

possible to examine the entire staff structure of a company from a number of different viewpoints — the personnel department, for example, would want to see the information arrayed in a completely different way to the treasury or the company secretary's office. Relational database software makes this possible.

Relational database computers — the Britton-Lee machine is a good example — are computers designed to take advantage of the principle of relational technology.

First Market Intelligence notes: "The arrival of an English version of Quick has long been awaited by UK users. The main criticism has been that although details were accurate and reliable, all the headings were in Japanese. Not much help for non-users of either Kanji or Hiragana."

It would be possible to ask of such a system: "Show me the number and location of all the chip shops within a five-mile radius of Manchester city centre" with the result that a

map of the area would be drawn on the computer screen showing the shops in fine detail. Input of information is a comparatively mature business now. Some information is still laboriously keyed in, but for most on-line service providers, the raw data arrives as computer tape or disks.

Where masses of text have to be captured by the system, automated document readers such as the Kurtzwell can help, but they tend to work more effectively on high quality magazines than grubby newsprint.

Key questions

The real challenge for the on-line companies is finding better ways of providing their information to their customers. The accent is on manipulating the data to give each customer the impression that the data displayed has been tailored for their use alone.

It involves questions of the number of screens a dealer should have on his or her desk, for example. At the moment, four is common and six is not

unusual. Yet most dealers say they want only one screen on which all the information they require can be displayed — perhaps through "windowing", a method of partitioning the screen into smaller segments, each independent of the rest.

The principal problem for all these companies is how to spread their services among a larger number of customers. Dun & Bradstreet, the world's largest credit management organisation, for example, are soon to introduce DunsVoice a credit-check service which uses computer generated speech to answer telephone inquiries. Priced very competitively, Dun & Bradstreet hope this will encourage smaller customers to make more use of their service.

At international level, the European Host Operators Group is investigating the possibility of common access to any database owned by its members. As Mr Michael Gardner of Datacom said: "Some 60 per cent of people who could be our customers do not yet have a computer terminal and modem."

Telerate

The world's financial markets and news on one page



AP TELERATE

EUROPE (AP-DJ)

LONDON 583-0044

ASIA (AP-DJ)

HONG KONG 213686

USA (TELERATE)

NEW YORK 938-5200

TEXLINE

...the on-line text service that gives you...

- * A terminal and printer*
► no worries about hardware.
- * Automatic dialling and log-on*
► no worries about communications.
- * Unlimited usage for a fixed annual fee*
► no worries about uncontrollable, spiralling costs.
- * Simple plain language instructions
► no worries about learning to use the system.
- * All foreign sourced material is in the English language
► no worries about translations.
- * Balanced and comprehensive list of international sources for all aspects of business
► no worries that some areas or topics are not covered.
- * Facilities to specify search requests in a precise form using extensive indexing terms or free text
► no worries about wasting time and money retrieving irrelevant data.
- * A unique combination of abstracting and full text that combines and summarises multiple sourced items, but gives full text for specialised topics
► no worries that money is wasted retrieving multiple versions of the same story.

*For subscription contracts. For other contracts, clients may use their own equipment.

...that is why...

TEXLINE

is the most used European on-line text service for business.

CALL OUR MARKETING DEPARTMENT FOR DETAILS OR TO ARRANGE A FREE TRIAL OF THE SERVICE
OR FILL IN THE COUPON

TO: Marketing Department
Finsbury Data Services Limited
68/74 Carter Lane
London EC4V 5EA
Telephone (01) 248 9828
Telex 892520

NAME _____

COMPANY NAME AND ADDRESS _____

COUNTRY _____

TEL NO. _____

Countdown to the Big Bang

A three-day exhibition

The City's need for electronic systems and services has never been greater. Neither has the opportunity for those who provide them.

Systems for the City is a timely marketplace featuring computer hardware and software developed for the financial markets, telecommunications, accounting systems, dealer boards, videotex, electronic mail, voice and data integration—everything essential to profitable trading beyond the Big Bang.

Exhibition & Conference

SYSTEMS FOR THE CITY

Barbican Centre London 15-17 July 1986

- Exhibitor
- Delegate
- Visitor

For more information call Online 01-868 4466 or tick your interest, clip your business card to this advertisement and return to:

Online

Also organised by Online

Computers in the City
Business Telecom
Videotex International
Networks
Electronic Publishing

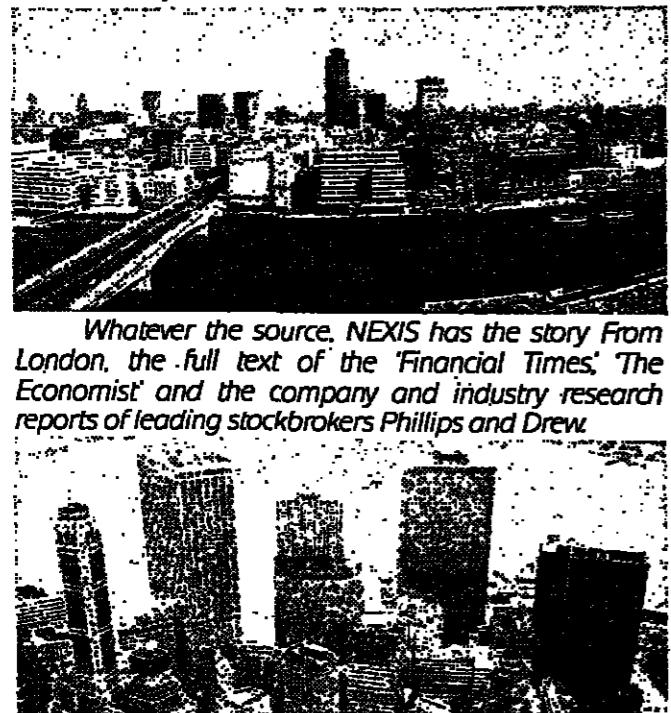
REASONS

FROM THE WORLD'S FINANCIAL CAPITALS

Businessmen and investors can now summon authoritative economic and financial information from around the world, displaying the results within seconds on a desktop terminal or personal computer.

The system making this possible is NEXIS, the unique business and financial database from Mead Data Central.

Simply tap in your search request, and the NEXIS computers sift millions of articles and reports from the world's leading newspapers, magazines, financial journals, stockbrokers, investment bank and research institutes to bring you the facts and the background information you need, fast.



Whatever the source, NEXIS has the story. From London, the full text of the 'Financial Times', 'The Economist' and the company and industry research reports of leading stockbrokers Phillips and Drew.

In New York, NEXIS draws on the resources of the 'New York Times', 'American Banker', 'The Bond Buyer'.

NEW NEXIS DEMO DISK NOW AVAILABLE!

Now you can learn more about NEXIS with our unique demonstration disk. Simply load this single floppy disk into your IBM PC or compatible and the story unfolds. You ask the questions and we have the answers!

Send off today for your free disk and NEXIS Information pack.

John Brook, NEXIS, FREEPOST London E1 9BR

© Japan Information Centre, London

All in all, NEXIS contains the current and backfile editions of over 140 international publications, along with economic and financial reports on thousands of companies from hundreds of industries.

In a world where information is an invaluable asset, NEXIS gives you the most reliable, up-to-date and in-depth resource available.

TO YOUR DESKTOP TERMINAL

Check out NEXIS now by calling John Brook on 01-488 9187 or write to him at the address below.

NAME _____

COMPANY _____

ADDRESS _____

TEL _____

New methods for executives to unlock the secrets of on-line information systems.

Electronic Financial Services 4

PC paths into databases

The business of information

ADRIAN MORANT

EVEN THOUGH the microcomputer, the ubiquitous PC, is being widely applied in industry and commerce, it mainly occupies a stand-alone role where it is used in accounting, forecasting (spreadsheet) or wordprocessing applications. However, one extremely important aspect is often overlooked—it's potential for improving the amount and quality of information at one's disposal.

The low cost and ready availability of the PC enables access to be made to enormous libraries of information, stored in the form of databases on mainframe computers, no matter where the host computer is situated.

The largest feat of engineering in the world is the telephone network which allows a subscriber in one country to dial to another in another part of the globe. Having made the connection does not necessarily mean that the two parties will have anything in common or even be able to understand one another. Nevertheless, irrespective of anything else, they share a common interest in a database—the telephone directory.

It is worth making this point because we have all suffered from shortcomings associated with directories. They are not always up-to-date; we cannot find the name for which we are searching, possibly because we don't know the correct spelling; and we are not likely to have directories for strange out-of-the-way places.

Telephone administrations, such as British Telecom, recognise the problem and have therefore installed computerised directory enquiry systems for

their operators. Thus, in response to an enquiry from a member of the public, the operator follows a search sequence, starting with town, in order to locate the required number.

This example of an on-line (meaning that the user has direct control of the process) database is often used by us all. In France, however, the PTT has taken the process much further. It is providing subscribers with a "Minitel" low-cost VDU so that they can directly interrogate the directory database themselves.

Comprising a cathode ray tube (CRT) screen, alphanumeric keyboard, and built-in modem to allow it to communicate via the telephone line, it is designed for simple operation by the man in the street. The system enables the user to make, without assistance, simple enquiries or even more complex searches where, for example, the exact spelling of a name is not known. In addition, "yellow pages" trade categories can be accessed.

The French PTT is not motivated by altruism. It is providing users with immediate access to up-to-date directories, it is eliminating printing costs, it is introducing the mass of the French population to the on-line information age. The outcome of this could well be that France will strengthen its position in the information society in which we live.

In most cases, with the addition of certain additional hardware and software to handle the communications, the micro computers already available in the office can be connected via the telephone line and used to access this information.

If the micro has, or can be fitted with, a serial (RS232) interface the necessary modem and software can be purchased for a comparatively small sum.

While it is possible to make a start on a limited investment of about £200 it is more sensible in view of the fact that charges are based on the duration of time that one is connected to the service, to invest in a more sophisticated modem and communications software for both speed and ease of operation.

For example, an appropriate version of Sagesoft's Chit-Chat software (which is available for most of the popular business micros) together with the basic version of the Minor Miracles WS3000 modem can be purchased for around £450. They provide the communications facilities necessary for the micro to access a wide range of information services, including Prestel, as well as being able to link into world-wide telecommunications systems.

This software has been designed to control the modem so that the user can access the service directly, without the need for a terminal. It is possible to obtain valuable up-to-date information rapidly and use the power of the computer to examine vast quantities of information and only present to the user those details which meet specified search criteria.

The differing levels of aware-



Personal computers in use at the Financial Times Business Information offices at Southwark Street, London.

ness regarding on-line databases on either side of the Atlantic and also the differences in the real and perceived benefits of communicating micro-computers is highlighted by the fact that modems are only just used with about 10 per cent of business micros in Britain, as against 50 per cent in the US.

It is not surprising, therefore, that some of the largest database resources are offered by US-based organisations. For example, the Dialog database service, even though offered by Learned Information (Europe) is an American product.

Dialog Information Retrieval Services have been in operation since 1972 and have grown to encompass over 90m records spread over 200 databases.

Dialog has 70,000 users worldwide who are charged in proportion to the amount of time in which they use the service. Its charges range from \$15 to \$150 per online session hour. While the most popular databases, at around \$70-\$100 per hour, are accessed.

These speeds and simplifies access to the service and so enables the economist, scientist or other specialist to concentrate on the real job without getting bogged down with the intricacies of telecommunications. This is quite important because, where there is no local telephone access to the database of one's choice, BT's packet switches service, BT's provides cost-effective communications. It does, however, necessitate a more complex log-on sequence.

The old adage of "time is money" applies to the availability of information. Sometimes one needs the information immediately; in other cases it is the cost of people's time in obtaining it. Thus it is a valuable commodity and it is to be expected, when there is a need, companies set out to satisfy that demand. And their charges vary in accordance with how difficult to obtain or time-sensitive the material happens to be.

It is possible to obtain valuable up-to-date information rapidly and use the power of the computer to examine vast quantities of information and only present to the user those details which meet specified search criteria.

The differing levels of aware-

ness from being headquartered in the UK about 40 per cent of its customer base is in the US.

InfoLink cites the case of some need to research into the paint industry in the West Midlands: a search of key British industries will reveal the major companies in the business. This can be followed up by the Dun & Bradstreet file "Who Owns Who" to determine the ultimate holding company. Then InfoLink will give financial information online of any companies of interest while BIS Inform enables the user to scan press comments on companies, products or markets.

Even though many who could benefit from the application of the form of intelligence do not even realise what is feasible, there is growing impetus in on-line databases. Only next month British Telecom is scheduled to launch its Hotline service in the UK and then, one month later, will announce at the US market following the lead of Infonet.

According to BT it will have just 15 databases which, it claims, will cover virtually all needs. The main advantage of Hotline is said to be that it uses unified command structure to access information.

The aim of this is to make the system more "user-friendly" so that the executive will find it easier to unlock the secrets of the online database even if, at the beginning, he does not know exactly the right question.

Data protection measures

will safeguard trade

THERE is still some confusion in the UK about requirements and exemptions for registration under the new Data Protection Act—for example, by those concerned with payroll and accounting information.

The Data Protection Registrar, Mr Eric Howe, warns: "I would advise data-users to check very carefully before jumping to the conclusion that their computer applications are exempt."

With the deadline for registration (May 11 1986) looming up, advice and guidance literature is being made available at a number of exhibitions including the Info '86 show which opens today at London's Olympia. The aim is to assist data-users who are still unclear as to whether they should register or not.

Those who fail to apply for registration or who breach the principles laid down under the Act may be liable to prosecution or to enforcement by the Registrar.

The twin aims of the Act are to set up safeguards to protect individuals about whom information is held on computer and to enable Britain to ratify the Council of Europe's convention on data protection to safeguard UK trading interests.

For individuals, the Act creates new rights, some of which are already in force. Others, such as the right to know details about personal data held about them, will be introduced by November 11, next year.

The law applies to both the public and private computer users as well as computer bureaux and third party data-users who process information about other people. More details are available from the office of the Data Protection Registrar, Tel: 0625 535777.

MIKE WILTSHIRE

Big drive to improve communication links

System has details on 1.7m companies

IN WHAT is claimed to be the biggest UK credit information agency of its kind, the United Association for the Protection of Trade now has details of 1.7m businesses on its Infonet system.

Information on 670,000 sole traders and partnerships, plus vital details on bad debts, are included on UAP's database.

Infonet has recently extended its computer power with a new Burroughs A-15 mainframe system with the capacity to handle 48,000 transactions an hour, around the clock, seven days a week. At the moment the service operates 12 hours daily, six days a week.

The range of data available to Infonet's 8,500 subscribers includes a consumer information service which includes the UK's entire electoral roll of 45m voters. A team of 600 people were needed to update the list with more than 5m changes last year.

Details of debt, defaulters, county court judgments, credit agreements and balances outstanding identify individuals whose business transactions require a cautious appraisal.

The flagship of Dun and Bradstreet's services in Dumfries where information—held on the computer's database—is transmitted directly to the customer's disk through a personal computer, dumb terminal or a teleprinter.

The company also has Dun & Bradstreet which puts the customer in contact with a computer-aided consultant who gives the required data over the telephone.

Information gathering has also been helped by advancing technology. For example, companies have helped Dun & Bradstreet. The data are then loaded onto their own computer system and translated into a standard form.

The company tends to concentrate on commercial credit checking, while other groups such as UAP and CCN in the UK are involved in consumer credit checking. These companies are also heavily computerised, giving quick telephone responses to clients. The trend within the industry, therefore, will be to further improve communications links and access to computers via low-cost systems.

MIKE WILTSHIRE

Credit-checking

ELAINE WILLIAMS

CHECKING THE credit-worthiness of companies and customers requires a very large amount of information, filed for quick retrieval and frequently updated. It sounds like specification for a computer database. Indeed, most commercial credit-reporting companies have turned to computer technology to store the vast amounts of financial information required.

Companies with substantial database technologies are beginning to compete heavily in the commercial market.

Dun and Bradstreet, which has more than 500 offices worldwide, tends to meet local competition such as ICC Information Group which has a number of services and outlets either available through databases such as Dialog and DataStar or through a data system.

This, in turn, has resulted in the trend towards investment in telecommunications to allow customers direct access to information stored on central databases, using a variety of terminals. Indeed, within the last two years five of Britain's largest credit-reporting groups which deal with both corporate and personal credit checks have launched computerised terminals.

The advantages are obvious.

These services are quick and cheap and can be easily updated. In addition, credit-reporting companies have the opportunity to offer a variety of services, specific to market needs, once they have established a large database with comprehensive information.

Jordan Information Services, for example, has a facility which logs new companies as they are formed which could give a client early warning of potential new customers or competitors.

Dun and Bradstreet, being the market leaders and operating on a worldwide basis, has been one of the more aggressive in terms of computer technology while still tempering its investment with a measure of caution.

In the past few years it has invested \$400m in computer technology and acquisitions which give the company access to database expertise.

Dun and Bradstreet has bought DataStream in the UK

and Cosmos in Italy, both substantial database groups, and is likely to acquire more com-

This service is likely to be launched early this year after trials with a small group of leading companies which include British Airways, Durex and Dutch EML. French and Dutch versions should follow the English service later this year.

The system starts with a professional announcer recording in a studio, all the words and phrases ever likely to be used in a business conversation. The recorded phrases are then digitised—turned into computer code—and stored within the system. Then the appropriate sentences are built up, according to the customers' questions.

In the past it has been difficult to produce systems which can reproduce a large vocabulary with good speech quality.

But technologists are working on the entire field of speech analysis and synthesis so that considerable strides are being made in producing understandable synthetic speech are being made.

The flagship of Dun and Bradstreet's services in Dumfries where information—held on the computer's database—is transmitted directly to the customer's disk through a personal computer, dumb terminal or a teleprinter.

The company also has Dun & Bradstreet which puts the customer in contact with a computer-aided consultant who gives the required data over the telephone.

Information gathering has also been helped by advancing technology. For example, companies have helped Dun & Bradstreet. The data are then loaded onto their own computer system and translated into a standard form.

The company tends to concentrate on commercial credit checking, while other groups such as UAP and CCN in the UK are involved in consumer credit checking. These companies are also heavily computerised, giving quick telephone responses to clients. The trend within the industry, therefore, will be to further improve communications links and access to computers via low-cost systems.

MIKE WILTSHIRE

Electronic Financial Services 5

Commercial range finds broader base

Teletext

RAYMOND SNOODY

THE COMMERCIAL outlook for teletext, invented originally as a system of providing subtitles on television programmes for the deaf, is in the process of being transformed.

Until recently the main use for teletext, which uses spare lines on the broadcast television signal to transmit pages of information to specially adapted television sets, has been to provide news and information service.

The BBC claims 10m viewers for the 600 pages of information on its teletext service. Cetex and Oracle, the independent television version, reaches a potential audience of 6.5m according to market research. Both the BBC and Oracle are now involved in new commercial services designed to deliver specialised information for business and industry.

Teletext has two main advantages over other delivery systems. It is relatively inexpensive because it is going to piggyback on the broadcast signal and does not involve telephone charges. Any service is national from the moment it is switched on because of the reach of the broadcast transmitters.

The BBC subscription service, Datacast, is now up and running and according to Mr Lawson Brown, head of Data Broadcasting at BBC Enterprises, the commercial arm of the BBC, on the verge of signing its first customers. Talks, he said, are at an advanced stage with the Stock Exchange.

Bookmakers were also interested in the possibilities. Apart from transmitting changing information on starting prices Datacast could even help bookmakers keep within the law when it becomes legal to have televised racing in betting shops from this month.

The Datacast system will be able to switch off television sets automatically all round the country when racing ends and normal programmes begin—something required by law.

Retail groups are also interested in the possibilities arising out of teletext because price changes and credit card checking information can be distributed to shops all over the country virtually instantaneously. The service is encrypted to ensure confidentiality.

"For a company with 700-800 retail outlets it really does become very cheap," Mr Brown says. The operating cost, apart from a black and white television licence, will probably work out at about £140 a year for each shop.

The BBC is offering "a completely transparent data transmission channel, computer to computer, which is independent of the teletext computer."

The Corporation hopes that Datacast will rapidly turn into

a multi-million pound business. Mr Warren Taylor, chairman of Air Call, the call answering and telecommunications company, is also optimistic about the commercial application of teletext technology.

Air Call is in a joint venture with Oracle—Air Call has 75 per cent, Oracle the rest—and the subscription service went live in March. Under the deal, Air Call will pay Oracle about £2m over the next three years. "I think it will probably take a couple of years before the service gathers momentum," Mr Warren concedes, but by 1990 he believes the "broadcasting" element of the service, which probably accounts for 10-15 per cent of the whole, should be a £10m-a-year business.

Financial sector

Mr John Stanley, chairman of Air Call until his death in October, first saw a subscription service for teletext 10 years ago and wrote to the Independent Broadcasting Authority asking for permission. "It's a shame he didn't live to see our service go live," Mr Warren said.

Air Call is concentrating to begin with on the financial services sector and a number of major financial institutions have agreed to begin trials this month. "The system allows us to send significant amounts of data out at about 100 kilobits a second. It's pretty heavy stuff," Mr Warren added.

Unlike the BBC, which is using a line-based packet system of transmitting information, Air Call is using existing page-based formats.

It also already has its first subscriber—Electron Systems (Marketing) of Potton in Bedfordshire.

ESM claims it has effectively transformed teletext from being a passive information service into a viable one-line database. It has developed software and

advertisements on the system.



Air travel cost inquiries being made through the Datasolve system.

Accent on better marketing

Profile: Datasolve

JASON CRISP

THIS IS a game for grown-ups. You have to grit your teeth and put up with the costs. It would be extraordinarily foolhardy for anyone to enter the market now, unless they are very rich," says Peter Cotton, director of electronic publishing at Datasolve.

There are other people in the database industry who have had just such thoughts about Datasolve's own foray into electronic publishing. Even if its investment in its World Reporter database is small in comparison to that giant US rival, Mead Data Central, it is still a substantial sum for a computer bureau such as Datasolve.

World Reporter's apparent problem, says some observers, is that it is so small it will never be able to compete with something as vast as Mead Data Central's NEXIS database, which has about 30m articles.

Not true, says Peter Cotton, who was recruited a year ago to add some dash to World Reporter's marketing. "For a long time marketing in high technology companies is not there," he says. "It is non-existent. Datasolve underestimated how this business could be moved ahead through marketing."

As a result, Datasolve has started to target specific industries such as advertising, rather than rely on providing a general purpose news and current affairs database. Nonetheless, it is hard to find many people in the industry who are very optimistic about World Reporter's chances. Even the confident Mr Cotton does not expect it to be in profit for about two to three years.

World Reporter was formed in 1983 using the technical expertise and surplus capacity of Datasolve's computer bureau to try and stimulate greater growth. Despite repeated predictions that the computer bureau business was ready to die, Datasolve has grown at a

pedestrian but consistent 15 per cent a year—which may be seen as good, in some industries.

Most of the early effort was in signing up and putting newspapers, magazines and transcripts of broadcasts onto the computer. Even now 80 per cent of Datasolve's revenues in electronic publishing come from supplying databases for the internal use of organisations like BSC, Consumers' Association, MP and Mintel.

World Reporter now has a variety of sources for its database, including the FT, the Washington Post, Japan's Asahi News Service, the BBC's external news service, the Economist. Its most recent addition is TASS, the Soviet news agency.

There are other people in the database industry who have had just such thoughts about Datasolve's own foray into electronic publishing. Even if its investment in its World Reporter database is small in comparison to that giant US rival, Mead Data Central, it is still a substantial sum for a computer bureau such as Datasolve.

World Reporter's apparent problem, says some observers, is that it is so small it will never be able to compete with something as vast as Mead Data Central's NEXIS database, which has about 30m articles.

Not true, says Peter Cotton, who was recruited a year ago to add some dash to World Reporter's marketing. "For a long time marketing in high technology companies is not there," he says. "It is non-existent. Datasolve underestimated how this business could be moved ahead through marketing."

As a result, Datasolve has started to target specific industries such as advertising, rather than rely on providing a general purpose news and current affairs database. Nonetheless, it is hard to find many people in the industry who are very optimistic about World Reporter's chances. Even the confident Mr Cotton does not expect it to be in profit for about two to three years.

World Reporter was formed in 1983 using the technical expertise and surplus capacity of Datasolve's computer bureau to try and stimulate greater growth. Despite repeated predictions that the computer bureau business was ready to die, Datasolve has grown at a

Switch to specialist areas is profitable

decoders which link teletext information to personal computers.

Information such as the latest foreign exchange rates are integrated with the flow of normal teletext information and are built up in the computer memory allowing trends to be manipulated graphically.

A stock exchange and portfolio management service is also being added.

ESM is aiming the service at companies which could not justify the cost of the more sophisticated on-line financial services.

ESM is leasing its package—excluding the personal computer—for £1,750 a year.

Mr Alan Jones, a consultant

who has produced the only comprehensive report on the field of subscription teletext believes it is opening up a new tier of the market for financial services and information. It has taken 10 years to make teletext fully commercial but the knowledge gained will prove immensely valuable, he believes.

Meanwhile mainstream tele-

text continues its development.

Last month the BBC Ceefax service was significantly improved by broadcasting on six spare lines rather than four. As a result the maximum wall for news and information has been cut from 30 to 15 seconds.

More than 3m homes in the UK now have television sets which can receive teletext—a penetration level of 14 per cent. The number is increasing at an estimated average rate of 70,000 a month and a total of 850,000 new sets are expected to be bought during this year.

According to National

Opinion Poll research, Oracle, which is now starting to trade at a profit has a daily audience of 25m adults and 4.5m during the course of the week. The research also shows that 75 per cent of Oracle viewers have seen advertisements on the system.

More than 3m homes in the UK now have television sets which can receive teletext—a penetration level of 14 per cent. The number is increasing at an estimated average rate of 70,000 a month and a total of 850,000 new sets are expected to be bought during this year.

There is an obsession with terminals. It really does not matter how many terminals there are; the key is the revenues. Look at Reuters."

Prestel now has 65,000 terminals, which are roughly equally divided between residential and business users, although the latter provide it with significantly higher revenues.

When it became abundantly clear that there was no mass market for Prestel, the company switched to specialist markets, first for business and then for the home.

When it became abundantly clear that there was no mass market for Prestel, the company switched to specialist markets, first for business and then for the home.

If you have not talked to us recently, you should ask for further details from Stephen Rayment on 01-353 6723.

SMF 6 MOB
CFD 22*36
SXI 3*16B

COMPANI
ASSUMIN
BERGENT
ASSOCIAT

0*49C IT

IBM 4A IB

TIME 10.1

BOCU +29

USH+6917

BPZ-700+2

APDj/QUOTRON

Let us show you what you're missing

25.000*90
HUF 3 ASH

SAYD.
COMPLETIO
PRISES WI
MADI

0.000*1D

AC IBM 4B

DEC+116B

3 IBMF-14

23 ICIU+85

40 IBMZ+38

To miss vital information by only a few seconds can be an expensive mistake. Quotron offers a highly efficient way of presenting the information you need to help you keep ahead of developments in the world's markets. On just one Quotron display you can view AP-Dow Jones International News, follow price changes dynamically on 60 stocks and still call up full price information from the world's exchanges.

Quotron's displays are tailored to your individual requirements, whether for trading, fund management, research or personal investment.

QUOTRON can provide:

- * European, Asian and North American price quotes
- * Dow Jones 90-Day News Retrieval Service
- * Databases containing research, recommendations, analysis and comment
- * Facilities for the distribution of research material, orders and messages: in-house and to your clients.

QUOTRON services can be delivered on our terminals or your PCs, mainframe or switch system.

If you have not talked to us recently, you should ask for further details from Stephen Rayment on 01-353 6723.

AP
Dj QUOTRON

"Vite"
"Rapido"

"Beeilen Sie sich."

"今直ぐ"

"Hurry."

The demand for fast international correspondent banking is the same in any language.
So is the response. PNB.

Every day you may be losing thousands of dollars in interest or the business of good customers. Why? Because your U.S. correspondent bank delays collections or payments, or it fails to respond to inquiries.

Put a stop to it. Switch to Philadelphia

National Bank or our Edge Act affiliate Philadelphia International Bank. Because our European and Asian offices have on-line, real time access to our mainframe in Philadelphia, we can answer your inquiries in minutes as opposed to days. We can even give you information about transactions in other PNB offices—in your language, without time zone delays.

Our error ratio is one of the lowest in the industry—as low as one-tenth of

what some banks advertise. One reason for that is your account officer, who personally follows up every inquiry you make. And only PNB gives you a monthly status report of all outstanding investigations, thanks to our on-line Investigations Tracking System.

To find out more, call the PNB representative office nearest you. Or contact Steven S. Nichols, Senior Vice President, via telex at 84-5297. We'll tell you how we can improve your correspondent banking—fast.



Philadelphia
National Bank

A CoreStates Bank Member FDIC

London • Paris • Luxembourg • Hamburg • Tokyo • Bangkok • Hong Kong • Manila
Singapore • Sydney • Bogota • Buenos Aires • Panama City • São Paulo • Nassau

APPOINTMENTS

Senior changes for Davy British Rail

Mr G. W. M. Orr has been appointed joint managing director of DAVY BRITISH RAIL INVESTMENT LTD, successor to Mr Wilkes, who has become managing director of Davy Meknes Nucleon. Mr J. E. Tode remains joint managing director of Davy British Rail.

Mr Hugh Cubitt has been appointed managing director of the Housings CORPORATION for the three-year term from May 1. The Housing Corporation promotes, supervises and controls Britain's 2,600 non-profit making housing associations.

1986-87 it will invest over £200m in housing projects. Sir Hugh is a director of National Westminster Bank and also chairman of Lombard North Central. He has been Chairman of the Housing Corporation since 1980.

Mr Brian E. Hill becomes vice-chairman of Laing JOHN LAING'S Spanish subsidiary, in addition to his executive management services. Mr Jon Bushnell, director of contractual services, John Laing Construction, becomes chief quantity surveyor. Mr John Allen is appointed to a new post in John Laing Construction as director of services. Mr Terry W. Werning, to be the new chairman of Holloway White Alton, remaining marketing director of the construction company and deputy chairman of Laing Management Contracting.

Mr Bryan W. Baker has been appointed a non-executive director of LCP HOLDINGS. He is group managing director of Tarmac.

Mr Findlay Picken has been elected president of the NATIONAL TYRE DISTRIBUTORS ASSOCIATION. He is managing director of National Tyre Service.

The NATIONAL BANK OF KUWAIT has appointed Mr Ramez K. Sarak as general manager, London, to succeed Mr Neville A. S. Mills, who is retiring. Mr Mills will be remaining as a director of the bank's subsidiaries engaged in commercial and investment banking both in London and elsewhere in Europe.

Mr Peter Wildblood, who has been secretary of the INTERNATIONAL PETROLEUM EXCHANGE since its launch in 1981, has been appointed chief executive by the IPE board from April 1.

BRITISH AIRWAYS BOARD announce the appointment of Mr E. C. Dice as chief executive from April 1. Mr Dice joined the board on March 11 as chief executive designate and will succeed Mr D. G. McCance, who is retiring on March 31. Mr Dice was formerly a main board director of Cadbury Schweppes.

JOHN WILLMOTT HOLDINGS has appointed Mr Ian Dixon as chairman. His place as managing director has been taken by Mr Trevor Crow, who has been with the company for 17 years, latterly as a divisional chief executive.

LUCAS INDUSTRIES has appointed Mr Jack Fryer as group director—product development in succession to Dr B. Jarrett, who is retiring later this year. Mr Fryer joins the group from Dr Jarrett on July 1, when he becomes a member of Lucas executive.

UNITED SPRING AND STEEL GROUP LTD has appointed Mr Brian French-Smith, a director and major shareholder, has been appointed non-executive chairman of the board with specific

responsibility for long term strategy. Mr Fenwick-Smith was for many years a member of the management board of Transco Services Ltd and is a past chairman of Fintel (Plc). Coltel (Solomon Islands) and Venitel (Vanuatu).

PENNWALT announces five board appointments. Mr K. St. Paul, previously sales director, takes over as marketing director. Mr David B. Auty, becomes sales director. Mr D. Roger Harp, special projects director. Mr Maurice J. Kent, production director and Mr Dennis Locke, engineering director.

Mr Barry Male, formerly managing director of Blue Sky Holidays, has been appointed finance director of NEWS (UK). Mr Male joined Blue Sky in 1979 as finance director before becoming managing director in 1985.

Mr Robert Burns has been appointed director of finance and administration by ANDALAH (UK). He was previously controller at Andalah's European headquarters.

Mr John Card, formerly operations director for HUME PIPE, has been appointed managing director in place of Mr Robert Bowen, who retired at the end of February.

EXCESS INSURANCE GROUP announces that Mr Gordon A. Lindsay and Mr James P. Noonan have joined the board.

We have been asked to point out that, following the acquisition of ERC Energy Resource Consultants by Robertson Research, Mr David R. Keith remains chairman and managing director, and Mr David C. Wilson remains technical director of ERC.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed

"Announcement last year."

Date dividend last year

Announce- Date last year

ment date

1986

1985

1984

1983

1982

1981

1980

1979

1978

1977

1976

1975

1974

1973

1972

1971

1970

1969

1968

1967

1966

1965

1964

1963

1962

1961

1960

1959

1958

1957

1956

1955

1954

1953

1952

1951

1950

1949

1948

1947

1946

1945

1944

1943

1942

1941

1940

1939

1938

1937

1936

1935

1934

1933

1932

1931

1930

1929

1928

1927

1926

1925

1924

1923

1922

1921

1920

1919

1918

1917

1916

1915

1914

1913

1912

1911

1910

1909

1908

1907

1906

1905

1904

1903

1902

1901

1900

1899

1898

1897

1896

1895

1894

1893

1892

1891

1890

1889

1888

1887

1886

1885

1884

1883

1882

1881

1880

1879

1878

1877

1876

1875

1874

1873

1872

1871

1870

1869

1868

1867

1866

1865

1864

1863

1862

1861

1860

1859

1858

1857

1856

1855

1854

1853

1852

1851

1850

1849

1848

1847

1846

1845

1844

1843

1842

1841

1840

1839

1838

1837

This Advertisement is issued in compliance with the Regulations of the Council of The Stock Exchange.

Application has been made to the Council of The Stock Exchange for the 6½% Cumulative Convertible Redeemable Preference Shares 2000 of £1 each to be admitted to the Official List.

Up to 2,500,000 of the 6½% Cumulative Convertible Redeemable Preference shares 2000 of £1 each being placed may be available through the Market.

GLASS GLOVER GROUP p.l.c.

(Registered in England No. 765435)

SHARE CAPITAL

Authorised	Issued and now being issued, fully paid	£
5,1,000,000	Ordinary Shares of 5p each	671,541
10,000,000	6½% Cumulative Convertible Redeemable Preference Shares 2000 of £1 each	10,000,000
11,000,000		10,671,541

Listing Particulars relating to the Company and the 6½% Cumulative Convertible Redeemable Preference Shares of £1 each are available in the Exetel Statistical Services and copies of such particulars may be obtained during usual business hours up to and including 26th March, 1986 from the Company Announcements Office of The Stock Exchange (for collection only) and on any weekday (Saturdays and public holidays excepted) up to and including 7th April, 1986 from:

Panmure Gordon & Co.
9 Moorfields Highwalk
London EC2Y 9DS

Glass Glover Group p.l.c.
12 York Gate
London NW1 4QS

24th March, 1986

ZAMBIA COPPER INVESTMENTS LIMITED

RESULTS FOR THE HALF-YEAR ENDED DECEMBER 31, 1985

The following are the unaudited results of the Corporation and its subsidiaries for the half-year ended December 31, 1985, which should be read in conjunction with the accompanying notes.

	Half-year ended Dec. 31, 1985	Half-year ended Dec. 31, 1984	Year ended June 30, 1985
	US\$1,000's	US\$1,000's	US\$1,000's
Revenues:			
Interest and other income	1,117	1,241	2,352
Expenses:			
Administration expenses	286	227	439
Exchange (gain) loss (note 1)	(26)	1,345	2,486
	260	1,572	2,925
Earnings (loss) before taxation	857	(331)	(573)
Foreign taxation	(30)	(34)	(71)
Earnings (loss) before extraordinary items	827	(365)	(644)
Extraordinary items (note 2)	(5,329)	(714)	(1,194)
Net loss	(4,502)	(1,079)	(1,838)

Notes:

1. The exchange losses in the prior periods were mainly attributable to the depreciation of the Zambian kwacha and Zimbabwean dollar.
2. The Corporation incurred costs of US\$1,108,000 for the half-year to December 31, 1985 (1984: US\$714,000) under guarantees given to De Beers Consolidated Mines Limited relating to Botswana RST Limited (BRST) and BCL Limited (BCL) which are considered as irrecoverable and have accordingly been treated as extraordinary items. BCL is reported to experience serious financial difficulties and at December 31, 1985 the Corporation had contingent liabilities in respect of those companies' guarantees of US\$39,591,000. During the half-year to December 31, 1985, the Zambian Government introduced a system of weekly foreign exchange auctions which resulted in a significant devaluation of the Zambian kwacha of approximately 55% giving rise to an extraordinary exchange loss to the Corporation of US\$300,000 relating to assets awaiting externalisation. In addition as at June 30, 1985, deferred exchange losses on assets awaiting externalisation from Zambia and Zimbabwe amounted to US\$3,312,000 and these have also been written-off as extraordinary items. Since the accounting policy for deferring exchange losses was introduced as at July 1, 1983, the Zimbabwean dollar has been valued from US\$0.107 to US\$0.610 and the Zambian kwacha from US\$0.860 to US\$0.163, and, in view of the continuing decline, the directors consider that the exchange losses should no longer be deferred.
3. In view of the loss for the period and in the light of the above-mentioned circumstances, the directors have not declared an interim dividend in respect of the financial year ending June 30, 1986.
4. The Corporation's principal investment is a 27.3% interest in Zambia Consolidated Copper Mines Limited, whose latest available results are as follows:

	Nine months ended Dec. 31, 1985	Nine months ended Dec. 31, 1984	Year ended March 31, 1985
Copper production (tonnes)	347,918	394,283	525,511
Copper sales (tonnes)	426,574	436,453	570,115
Average copper proceeds per tonne	K4.781	K2,663	K2,796
Total sales revenue	K2,690 million	K1,357 million	K1,862 million
Net earnings (loss)	K7.6 million	K20 million	K1 million
Dividend per share	Nil	Nil	Nil

Registered Office:
P.O. Box HM650
43 Church Street
Hamilton, Bermuda
March 21, 1986

U.K. Transfer Agents:
Bill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

This notice complies with the requirements of the Council of The Stock Exchange and does not constitute an offer of, or invitation to subscribe for or purchase, any securities. These Securities have not been registered under the United States Securities Act of 1933 and may not, as part of the distribution, be offered, sold or delivered, directly or indirectly, in the United States or to United States persons.

¥18,000,000,000

IBM Credit Corporation

(Incorporated in the State of Delaware, U.S.A.)

5 3/4% Notes Due March 26, 1991

The following have agreed to purchase the Notes:

Salomon Brothers International Limited

Mitsubishi Finance International Limited

Morgan Guaranty Ltd.

Credit Suisse First Boston Limited

Nomura International Limited

Bankue Bruxelles Lambert S.A.

Daiwa Europe Limited

Fuji International Finance Limited

IBJ International Limited

Mitsubishi Trust & Banking Corporation (Europe) S.A.

Nippon Credit International (Hong Kong) Limited

Swiss Bank Corporation International Limited

Application has been made to the Council of The Stock Exchange for the Notes, issued at a price of 101 1/2 per cent, to be admitted to the Official List.

Interest on the Notes, calculated as set out in the Listing Particulars dated March 21, 1986, is payable annually in arrears. The first payment falls due on March 26, 1987.

Listing Particulars relating to the Notes and the Issuer are available in the Exetel Statistical Services and copies may be obtained during usual business hours up to and including March 26, 1986 from the Company Announcements Office of The Stock Exchange and up to and including April 7, 1986 from:

Cazenove & Co.
12 Tokenhouse Yard
London EC2R 7AN

The Chase Manhattan Bank, N.A.
Woolgate House
Coleman Street
London EC2P 2HD

March 24, 1986

CONSTRUCTION CONTRACTS

Battersea leisure complex takes shape

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

SIR ROBERT MCALPINE is in the running for an £18m contract from Alton Towers Ltd for work at its planned leisure complex inside the old Battersea power station building on the banks of the Thames in West London.

Alton Towers already runs the second largest leisure park in the world, rivaled only by Disney World—in the grounds of its stately home of Alton Towers in Staffordshire.

Chairman Mr John Broome is now planning to spend £5m turning the disused power station at Battersea into an under-cover version of Alton Towers—a combination of Covent Garden, up-market shopping centre and high technology family entertainment theme park.

"The hope to start work in May," said Mr Broome. "We have not appointed a contractor yet, but are in close liaison with Sir Robert McAlpine."

Sir Robert McAlpine has just finished building the latest attraction at the Alton Towers park in Staffordshire: a 500-seat roller coaster designed to simulate a family trip on the Colorado River through the Grand Canyon rapids. The £1.3m Towers Street shopping centre is designed to be the Disney Land's "Main Street."

The Grand Canyon ride is the longest rapids ride in the world—750 metres long through a 16-acre site—and will earn the park an estimated £2m a year.

The contractor's successful track record in this work already completed at Alton Towers makes it a leading tender for this work—which contractors for this park—where the possibility of a monorail railway is now being investi-

gated—and on the new development at Battersea.

"They are a high-quality contractor with the relevant skills and a record of good performance," said Alton Towers' finance director, Mr Gordon McCallum.

"You can't just go on the lowest tender in this business," he said "because of the tight deadlines and the need to produce at the right quality."

The Battersea power station contract could go out to tender said Mr Broome. "But we know McAlpine will their finger out" he added graphically.

Civil engineering work on the Grand Canyon ride involved excavating 42,000 cubic metres of rock and soil, creating a series of curves and concrete chutes with obstacles to simulate rapids. Mock waterfalls mimicked the parting of the waters of the

Red Sea. Up to 2,600 people an hour can ride the white water in self-steering rubber tyre boats in what Mr Broome describes as "an experience for every member of the family: thrills and spills without the G forces which normally rule out the ride for everyone except teenagers."

Construction work on the ride had to proceed on a fast track throughout bitter winter weather. Work started last August and was completed on schedule yesterday.

This involved working through temperatures of around minus 12 degrees C. for five weeks when no other site in the district was working, and frost forming on the outside of the contractor's site houses. Gas heaters, tarps and shelters over the site had to be used to raise the temperature to above minus 3 degrees C. so that concrete could be poured.

Town centre development for Ayr

Contracts together worth over £20m have been won by Balfour Beatty Group companies. The largest deal is from London and Croydon which has awarded Balfour Beatty Construction a £2.2m contract in the town centre of Ayr to construct a two-storey reinforced concrete-framed building to provide a shopping centre and mall. Car parking, service yards and landscaping are included in the contract which is due for completion in September 1987.

The construction company has also been awarded the A131 Bonhill improvement scheme by Stratford-upon-Avon District Council. The work to be completed in two years, is valued at £2.25m. It includes diversion of the A131 through Bonhill and a bridge over the River Leven. Roads will include 1.5 km of 7.3 metres wide carriageway in flexible construction with 0.85 km of side roads.

Construction work on the Preston Riversway Development has been put in hand by Balfour Beatty Developments. The construction company will build phase I which includes a 7,000 sq metres superstore, a petrol station and a tyre and exhaust centre. Estimated value is £3m, while infrastructure and road works will amount to a further £1.5m.

Balfour Kilpatrick has a contract for mechanical and electrical services at Baxters of Kensington department store. The contract, valued at £5.5m, is part of a redevelopment scheme which involves refurbishment to produce two new office buildings situated above the store—each floor one acre in area.

A £1.1m management contract lasting 28 weeks has been awarded to **HENRY BOOT NORTHERN** for a 3,000 sq metres extension to the Novell Corporation's manufacturing and packaging factory at Flanshaw Way, Wakefield. The steel portal frame construction will feature profiled metal cladding and decking and a composite material with the existing factory to maintain production throughout the building operations. Office and canteen facilities are included. Henry Boot has also started work on a low-level pumping station at Lundwood sewage treatment works, off the A628 Pontefract road, near Barnsley. The 7-week contract is worth over £700,000.

JAMES LONGLEY & CO is constructing a £1.9m office building for the Lazard Property Unit Trust at Station Rd, Redhill. The four-storey development, which will have an adjacent two-storey car park, comprises 24,000 sq ft of office space and provides a footpath linking Station Rd with Dome Way. Work is scheduled for completion in March 1987.

A £1.1m management contract lasting 28 weeks has been awarded to **HENRY BOOT NORTHERN** for a 3,000 sq metres extension to the Novell Corporation's manufacturing and packaging factory at Flanshaw Way, Wakefield. The steel portal frame construction will feature profiled metal cladding and decking and a composite material with the existing factory to maintain production throughout the building operations. Office and canteen facilities are included. Henry Boot has also started work on a low-level pumping station at Lundwood sewage treatment works, off the A628 Pontefract road, near Barnsley. The 7-week contract is worth over £700,000.

JOHN WILLMOTT CONSTRUCTION has been awarded a contract worth around £1m by the Automobile Association for a transport depot at South Mimms near Faversham. The depot will be a new road taken off the Hyndburn Link road to the M65 motorway. The importance of this project to Acrington was recognised by the Department of the Environment which is making a grant of £1.75m.

Accrington shopping mall scheme

Accrington's largest shopping development at the Arndale Centre, on which CONDER PROJECTS MIDLANDS of Burton-on-Trent, part of the Conder Group, began work in February for client Town & City Properties, has already attracted High Street names such as John Menzies, Dixons, Dorothy Perkins and Burton's.

Covering 142,000 sq ft and costing £7m, the development is being built on the Hyndburn Borough Council's Broadway car park site. When completed in August 1987, the project will

provide 200 new permanent jobs. The two-storey Mall will house 29 shops in an L-shape and will have a vaulted glass roof. There will be a multi-storey car park for 600 cars. The Mall will be linked to the existing Arndale block, where Marks & Spencer and Woolworths are already

located. Access will be by a new road taken off the Hyndburn Link road to the M65 motorway.

The importance of this project to Accrington was recognised by the Department of the Environment which is making a grant of £1.75m.

FINANCIAL DIARY FOR THE WEEK

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. The sub-divisions shown below are based mainly on last year's timetables.

TODAY
COMPANY MEETINGS—
Associated British Ports, London, 10.30am
Cain, Colne & Weymouth, 10.30am

WORLD STOCK MARKETS

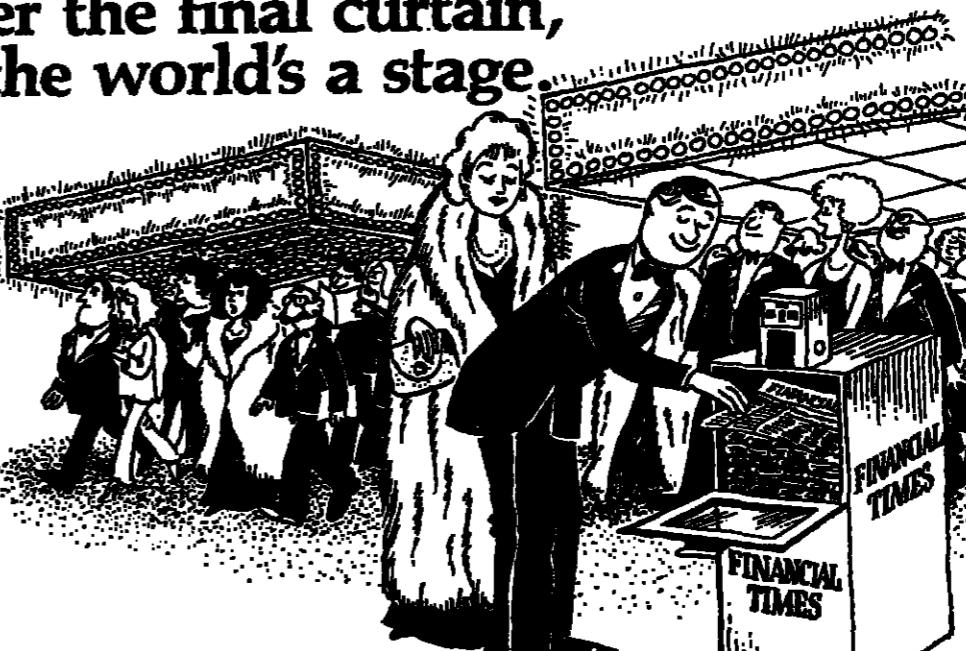
AUSTRIA				GERMANY				AUSTRALIA				JAPAN				CANADA																								
1985/6	Mar. 21	Price	Sch. %	1985/6	Mar. 21	Price	Dm	1985/6	March 21	Price	Aust. S	1985/6	March 21	Price	Yen	TORONTO						Closing prices March 21																		
High	Low			High	Low			High	Low			High	Low			Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng							
2,440	2,120	Creditanstalt pp.	-	2,330	1,070	Gesamt.	-	5,600	5,000	15,750	15,750	15,100	15,750	16,800	Jungbusch	16,900	2,665	100.3	AEG	532	5,93	4,28	Adelaide Steams	15.9	1,555	1,040	Alinomoto	1,390	7412	Chrysler	525	57	57	+ 2	4,900	Indal	524	245	245	+ 1
5,460	5,460	15,750	15,750	15,750	15,750	15,750	15,750	2,470	2,470	1,350	1,350	1,350	1,350	1,350	1,350	2,470	2,470	176.8	BASF	515	2,55	1,75	Ampol Pet.	2,335	2,097	1,190	Alps Electric	1,700	53224	Cominco	513	132	132	+ 1	3,954	Inland Gas	515	114	114	+ 1
2,470	2,470	1,350	1,350	1,350	1,350	1,350	1,350	603	603	1,350	1,350	1,350	1,350	1,350	1,350	603	603	183	Bayer	335	3,56	1,68	Aust. Inds.	3,15	1,030	621	Aashi Chem.	819	5500	Computel	565	61	61	- 1	3,150	Innopal	515	114	114	+ 1
225	225	1,350	1,350	1,350	1,350	1,350	1,350	1,150	1,150	1,350	1,350	1,350	1,350	1,350	1,350	225	225	184.5	Bayer Hypo	641	3,46	2,22	Aust. Guarantee	3,15	975	691	Bank Tokyo	1,040	24550	Comstar	360	350	350	- 10	12,600	Inter City	515	154	154	+ 1
10,150	10,150	1,350	1,350	1,350	1,350	1,350	1,350	1,150	1,150	1,350	1,350	1,350	1,350	1,350	1,350	1,150	1,150	184.2	Bayer-Verein	563	3,78	2,28	Aust. Nat. Inds.	3,78	629	500	Bridgestone	629	1200	Intl. Thor	515	154	154	+ 1	10,200	Quebec	515	154	154	+ 1
1,445	1,445	1,350	1,350	1,350	1,350	1,350	1,350	260	260	1,350	1,350	1,350	1,350	1,350	1,350	260	260	261	BHF-Bank	526	3,47	2,47	APM	560	745	540	Brother Inds.	560	1200	Inter Pipe	507	405	405	- 5	4,750	Quebecor	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	2,470	2,470	1,350	1,350	1,350	1,350	1,350	1,350	2,470	2,470	217.5	BMW	515	120	120	Bell Group	7,12	1,480	880	Canon	975	22364	CDist. B 1	574	7	7	+ 2	2,250	Quebecor	515	154	154	+ 1
318	318	1,350	1,350	1,350	1,350	1,350	1,350	2,470	2,470	1,350	1,350	1,350	1,350	1,350	1,350	2,470	2,470	187.5	Brown Boveri	289	3,15	2,17	Bell Res.	5,2	2,060	1,350	Casio Comp.	1,450	4,910	Abaco Pr.	515	154	154	+ 1	1,750	Quebecor	515	154	154	+ 1
1,445	1,445	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	114.5	Commerzbank	314	8,05	7,15	Bond Corp. Hldgs.	3,15	1,270	605	Dai-ichi Kan.	5,640	17,015	Alco A	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Cont. Gummi	225	4,1	3,06	Boral	1,140	1,320	605	Dai-ichi Kan.	5,640	17,015	Alco B	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Daimler-Benz	1,514	2,75	1,51	Bougainville	2,75	1,990	595	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Degussa	443	5,95	5,45	Brambles Inds.	5,96	428	540	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Diese Babcock	220	2,65	1,58	Bridge Oil.	1,68	1,870	595	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Deutsche Bank	616	7,57	6,12	B. H. Prop.	6,4	1,120	632	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Dresdner Bank	431	6,7	6,12	Burns Philip.	6,8	1,160	631	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	E.ON	244	6,78	6,12	CRA	6,78	2,002	1,183	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Commerzbank	244	6,78	6,12	CSR	6,78	9,300	6,050	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Cookerthi	159	6,6	6,12	Hochzeit	6,6	1,840	1,290	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Dresdner Bank	159	1,27	1,51	Clarendon Pet.	0,82	2,180	1,550	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Electrotel	2,055	4,735	4,735	Coats-Meyer.	4,9	1,830	1,550	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Fabrique Nat.	2,055	2,055	2,055	Coats-Meyer.	2,055	1,830	1,550	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	GB Inng. Bm.	7,250	7,250	7,250	Coats-Meyer.	7,250	1,830	1,550	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	GBL-Brix	5,150	5,150	5,150	Coats-Meyer.	5,150	1,830	1,550	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Generale Bank	5,750	5,750	5,750	Coats-Meyer.	5,750	1,830	1,550	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Gewert	6,770	6,770	6,770	Coats-Meyer.	6,770	1,830	1,550	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Hoboken	7,600	7,600	7,600	Coats-Meyer.	7,600	1,830	1,550	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Int. A. Lux	13,600	13,600	13,600	Coats-Meyer.	13,600	1,830	1,550	Dai Nippon Ink.	1,870	1,200	Comstar	515	154	154	+ 1	1,750	Ranger	515	154	154	+ 1
2,645	2,645	1,350	1,350	1,350	1,350	1,350	1,350	287	287	1,350	1,350	1,350	1,350	1,350	1,350	287	287	144.5	Jakob	1,070	1,070	1,070	Coats-Meyer.	1,070	1,830	1,550	Dai Nippon													

OVER-THE-COUNTER

Nordic national market: Closing prices, March 3

Stock	Sales (Units)	High	Low	Last	Chng	Stock	Sales (Units)	High	Low	Last	Chng	Stock	Sales (Units)	High	Low	Last	Chng	Stock	Sales (Units)	High	Low	Last	Chng	
Continued from Page 39																								
R	R	R	R	R	R	SecTag	498	25	21	21	-1-1	Syncor	1354	7	61	61	-1	UrmHit	760	15	145	145	+10	
RAX	.01e	101	8	74	75	-1	SEED	624	25	21	21	+1	Symtech	891	111	101	11	+5	UFSSk	15e	157	148	148	+10
RPM	.82	281	213	213	215	-1	Setbel	.80	106	22	22	+1	Symrex	210	51	51	51	-1	Usccal	.28	194	57	51	-1
RadSys	2984	145	14	14	14	-1	Semicon	.80	24	7	7	-1	Syscon	20	474	12	12	-1	V	V	V	V	V	V
RadMt	103	8	74	74	74	-1	Sensor	.05	821	85	85	-1	SyAsoc	148	11	101	101	-1	VLI	2185	55	47	55	+7
Radion	44	91	9	91	91	-1	Svmsys	.84	802	24	24	24	Systin	512	8	84	84	-1	VLSI	1630	14	121	121	-12
Regen	751	5	5	5	5	-1	Service	1	55	27	25	25	Systm	2589	142	14	14	+3	VMX	819	58	51	51	-1
Reimer	1.08	401	404	395	40	-1	Svfrtcl	.5	35	35	35	-1	Systm	.08	56	27	26	-1	VSE	20	35	151	141	-1
ReyEn	.24	734	211	211	211	-1	SewOak	.20	853	23	23	23	T	T	T	T	T	T	Validig	453	71	68	68	-1
ReidCr	371	29	29	29	29	-1	ShrMed	.80	1657	37	36	36	TBC	.16	39	13	13	-1	VelFSL	1	198	254	25	-1
Reading	10	211	21	21	21	-1	Shwrm	1.84	86	49	49	-1	TCA Cb	.16	209	28	25	-1	VelM	1.32	736	457	45	+10
Recotm	249	125	124	123	125	+3	Shelbys	.85	215	21	20	-1	TecViva	134	38	31	31	+1	VelM	.40	62	254	254	+1
ReduNL	.64	159	29	29	29	-1	Sheidl	.18	85	81	81	-1	Tandem	2767	249	238	232	-1	Vanzed	.70	46	41	41	-1
Reeves	109	154	147	151	151	-1	Shoneya	.18	1298	31	32	+1	Tandon	1365	51	51	51	-1	Vantrex	5507	68	51	51	-1
RogyEl	.20	1103	79	75	75	+5	ShonBos	.35	145	141	141	-1	TcCom	51	174	174	174	-1	Vicorp	.128	475	188	181	-1
Regtis	.12	221	18	171	18	+4	Silicon	.175	37	35	35	-1	Telco	453	91	9	9	-1	VideFo	.228	334	712	7	-1
Relab	18	61	53	53	53	-1	SiliconS	.374	154	148	148	-1	TcmA	3408	492	482	482	+4	Vikung	245	191	184	181	-1
RpApol	.16	327	94	94	94	-1	SilicVal	164	194	184	194	-1	TelPlus	2825	58	51	51	-1	Viratok	.452	30	28	28	+1
RpRhtm	995	172	173	172	172	-1	Silicu	.585	141	14	14	-1	Telecrd	.36	578	36	35	+13	Vodzvi	242	98	91	91	-1
Reuterl	.15e	65	111	111	115	+5	Silic	.150	51	5	5	-1	Telvad	135	34	31	11	+1	Volmit	313	211	204	212	+2
ReutRth	.33	2548	42	42	42	+1	Simpin	.80	186	24	24	+1	Telabs	453	111	111	111	-1	W	W	W	W	W	
ReyRay	1.40	873	84	84	84	-1	Sippins	.60	121	117	124	+1	Temps	.14	8	104	104	+1	WD 40	1.04	312	251	251	+14
Rhodes	.32	215	25	25	24	-1	Sizzlers	.400	205	193	20	-1	TermIt	.73	34	31	31	+1	WalbCs	.32	19	202	194	+2
Ribumes	.622	61	61	61	61	-1	Smith	.802	51	3	3	-1	TerPr	.95	5	5	5	-1	WalbF	.95	8	7	8	-1
RichtEla	8	274	274	274	274	-1	Society	1.92	192	64	64	-1	ThermD	.76	856	31	30	-1	WishE	1.75	295	251	251	+21
Rivel	.80	310	171	171	171	+1	Socysa	1454	212	20	21	+1	ThrdNns	.461	151	151	151	-1	WFSLs	.72	240	321	314	-12
RivStsr	1.10	118	41	39	39	-1	SonTech	.33	103	104	105	+1	Thorotec	.355	79	7	7	-1	WMSB	.109	1781	237	234	+23
RobHug	.08	25	125	125	125	-1	SoftwA	414	158	158	158	-1	ThouTr	.3027	68	54	54	+12	Wavett	.157	10	9	9	-1
RodRian	.80	158	101	101	101	-1	SonocPs	.68	130	344	341	-1	Tirpary	.35	37	35	34	-1	Webb	.40	8	142	141	-10
Rouses	.80	731	31	302	302	-1	SonrPd	.80	7	142	132	-1	TotSys	.36	37	33	34	-1	WetFd	.703	387	374	374	+17
RoyPtm	1	214	81	81	81	-1	SosHosp	.87	41	41	41	-1	TrakAu	.40	141	132	134	-1	WfMacTc	.26	104	21	21	-1
RuseRpl	43	25	25	25	25	-1	Soufrst	.82	327	20	192	-1	TriedSy	.284	119	111	115	+3	WtmcC	.40	251	214	20	+14
RyanPs	107	211	211	211	211	-1	Sovrns	.10	6395	59	74	-1	Trusts	.48	4	30	22	-1	Wetra	.98	578	419	419	+13
SAYInd	142	104	51	51	51	-1	Speedy	.128	872	351	351	-1	U	U	U	U	U	U	Wetra	.75	87	69	64	-1
SCI Sy	1089	194	172	18	18	-1	SpecCdr	.07	208	91	91	+1	USLIC	.80	121	20	20	-1	Wettr	.95	616	14	12	+1
SET	615	231	23	23	23	-1	Spir	.82	33	15	15	-1	UTL	.265	18	18	18	-1	Wettr	1.85	598	621	614	-12
SFE	.10r	41	81	81	81	-1	StarSur	.544	121	114	112	-1	Librey	.086	213	114	111	-1	Wettr	.858	858	213	21	+25
SRI	.80	203	221	213	221	+1	StaffBld	.20	89	91	9	+1	Ungmn	1531	121	111	111	-1	Wettr	.7	243	241	241	+2
Safeccs	.24	226	254	254	260	-1	Standy	1.08	68	40	39	+1	UnPmtr	.40	35	34	34	-1	Wettr	.858	858	213	21	+25
Safecos	1.60	1223	591	575	574	-1	Static	2354	171	171	174	-1	UACMs	.06	58	281	277	+4	Wettr	.858	858	213	21	+25
SafHills	38	12	112	112	112	-1	Stanhm	1.52	91	94	93	-1	UBAAlsk	.119	99	99	91	-1	Wettr	.858	858	213	21	+25
SafLlde	742	245	245	245	245	+3	StateS	.64	318	50	48	-7	UBCoL	1.06	52	34	34	-1	Wettr	.858	858	213	21	+25
SafPaul	3	1029	1051	103	103	-1	Staiger	.058	121	75	72	-1	UfnpGrp	.42	8	51	51	-1	Wettr	.858	858	213	21	+25
SafCpt	1919	95	95	95	95	-1	StateSt	.208	151	51	51	-1	UfnpFd	.106	244	241	231	-1	Wettr	.858	858	213	21	+25
SamBar	10	65	65	65	65	-1	Swfml	.72	58	26	25	-1	UGrdrn	.54	11	103	103	-1	Wettr	.858	858	213	21	+25
SamFns	.85a	79	36	36	36	-1	Swfml	.72	121	11	105	-1	UfnpSt	.77	145	141	141	-1	Wettr	.858	858	213	21	+25
SBkPcs	.44	610	264	26	26	-1	Stratus	.733	180	16	181	-1	UfnpSt	.944	213	13	16	+3-1	Wettr	.858	858	213	21	+25
ScanDp	443	213	202	212	214	+1	StwCts	.76	188	49	48	-1	US Am	944	213	13	16	+2	Wettr	.858	858	213	21	+25
ScanCntr	443	213	126	126	126	+2	StwCts	.76	220	291	267	-1	US Bcp	1.827	385	381	381	-1	Wettr	.858	858	213	21	+25
Scherer	.32	363	126	126	126	-1	StwCts	.76	188	49	48	-1	USDsgn	.10	36	31	31	+1	Wettr	.858	858	213	21	+25
SchlmA	.44	128	364	374	384	+2	Subaru	2.28	55	203	199	-1	US HlC	.12	8050	181	175	-1	Wettr	.858	858	213	21	+25
SchMic	.852	6	51	51	51	-1	SunCst	1870	3	1	16	2	US Sur	.408	4576	203	195	-1	Wettr	.858	858	213	21	+25
SchSt	.84	41	41	41	41	-1	SunMed	.626	13	12	13	+1	UStatm	.24	454	214	203	-1	Wettr	.858	858	213	21	+25
SchStx	147	8	72	72	72	-1	SunSky	.80	123	124	124	-1	UnTelev	1.84	251	568	553	-1	Wettr	.858	858	213	21	+25
SchGal	.454	6	32	32	32	-1	Suprex	.41	4	35	35	-1	Uvags	.844	251	568	553	-1	Wettr	.858	858	213	21	+25
Scanaole	8070	107	97	97	10	-1	SumbT	.543	13	12	12	-1	Uvags	.844	211	220	220	-1	Wettr	.858	858	213	21	+25

**After the final curtain,
all the world's a stage.**



Now that the *Financial Times* is printed in the U.S. you can get the *next* day's edition well before midnight in New York's theatre district. At many newsstands or from one of our unashamedly pink dispensers.

observations on artistic and cultural events. And the Arts Guide tells you what's taking place when—in major cities in scores of different countries.

Yes, all the world is a stage to the FT. Don't miss a performance, Monday through Saturday!

For a personal subscription call the Financial Times direct from 9 am to 6 pm New York time: 212-752-4500

direct from 9 am to 6 pm New York time: 212-752-4500.

AL TIMES

in financial times.

Closing prices, March 21

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		12 Month		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		12 Month		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/	
High		Low		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/															
12 Month		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/																	
High		Low		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/															
12 Month		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/																	
High		Low		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/															
12 Month		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/																	
High		Low		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/															
12 Month		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/																	
High		Low		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/															
12 Month		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/																	
High		Low		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/															
12 Month		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/																	
High		Low		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/															
12 Month		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/																	
High		Low		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low		Close		Chg/															
12 Month		Stock		Div. Yld.		P/ Ss		High		Low		Close		Chg/		High		Low		Close		Chg/		High		Low																					

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Attention turns to sterling

BY COLIN MILLHAM

Sterling became the centre of attention on the foreign exchanges last week, as the Bank of Japan showed signs of anxiety about the fall of the dollar against the yen.

Although the US authorities seemed relaxed about the dollar's decline of 27 per cent against the yen since the Group of Five meeting in New York last September, and are unwilling to move to see further orderly downward adjustment, the Japanese Government and Bank of Japan are far less happy.

Fear that the Bank of Japan was ready to intervene on a large scale in the dollar fell to a record low, below 37.75, a plateau under the US currency, but underlying market sentiment suggested this would prove a temporary structure.

Downward pressure on the dollar in Europe was far less marked, and without the co-operation of the German Bundesbank and the US Federal Reserve, dealers were sceptical of Japan's ability to prevent a further dollar fall.

To some extent the Bank of Japan was helped by falling market volume towards the end of last week, ahead of Japan's financial year-end and local holidays in Tokyo on Friday.

But despite positive US economic statistics, including a downward revision to 0.7 per cent

£ IN NEW YORK

Close Mar. 21 Prev. close
£ Spot 4.1955-1.6175 5.14470-0.1000
1 month 4.63-0.53pm 0.52-0.51pm
3 months 5.13-1.31pm 1.87-1.85pm
6 months 5.86-5.59pm 4.53-4.45pm

Forward premiums and discounts apply to the US dollar

from 1.2 per cent in fourth quarter gross national product growth, plus the very large US trade deficit, particularly in trade with Japan, is likely to renew the downward slide of the dollar.

The market also believes it detects disagreement within the Federal Reserve Board over monetary policy. Mr Paul Volcker, chairman of the Fed, is still thought to exercise a strong influence over the Fed's Open Market Committee, but has control over the Board has been reduced by White House appointees. If Mr Volcker, who has warned against allowing a continued weakening of the dollar, should find his position at the Fed untenable, this would be an encouragement for further downward pressure on the dollar.

But at the moment the market has shown a very high level of uncertainty, amid growing uncertainty about US interest rates. Oil prices have stabilised, and the Organisation of Petro-

leum Exporting Countries has attempted to find compromise among its members to protect the market. This may limit the downward trend in US inflation and scope for lower interest rates, while the latest US survey suggests some action may be taken in about its target range.

Against a nervous and uncertain background for the dollar, attention has switched to sterling. London interest rates remain attractive, in spite of last week's cut of 1 per cent in clearing bank base rates. With inflation failing to 5.1 per cent from 5.5 per cent in February, real interest rates are very high. The boom in equities and gilts has also increased demand for the pound, following a favourable reception for the Chancellor's Budget statement.

There remains a major uncertainty, but last week's Open meeting restored some confidence in the cartel and its ability to prevent oil prices moving down towards \$10 a barrel or lower.

The pound showed signs of consolidating above \$1.50, and gained ground against other major currencies. The general view is that as oil remains a very volatile currency, and the Bank of England caution about interest rates on Friday may yet prove justified.

CURRENCY MOVEMENTS

OTHER CURRENCIES

Mar. 21	Bank of England Index	Morgan Guaranty Change %	Mar. 21 £	5
Sterling... 115.9	115.4	+1.4		
U.S. dollar... 116.7	116.2	+1.2		
Canadian dollar... 78.0	78.8	-12.8		
Austrian schilling... 125.7	126.7	+7.0		
Swiss franc... 2.02	2.02	+0.0		
Deutsche mark... 152.4	152.6	+1.3		
Swiss franc... 152.7	152.5	+1.3		
French franc... 71.6	71.0	+10.5		
Lira... 45.5	45.5	+1.0		
Yen... 150.1	147.2	+2.7		

Morgan Guaranty changes average 1980-1982-100. Bank of England index (base average 1972-100).

* Selling rate.

POUND SPOT—FORWARD AGAINST POUND

March 21	Days' spread	Close	One month	% p.a.	Three months	% p.a.	One year	% p.a.
U.S. 1,480.0-2,102.5	1,510.0-2,102.0	1,500.0	1,500.0	1.00	1.34-1.30pm	3.49		
Canada 2,057.2-2,107.1	2,102.7-2,107.1	2.00	2.00	0.20	0.41-0.39pm	0.39		
Denmark 10.0572-2,107.1	3.815-3.825	2.1-2.1pm	2.1-2.1pm	0.05	0.55-0.54pm	5.43		
Belgium 68.95-68.98	68.95-68.98	68.95-68.98	68.95-68.98	0.00	0.23-0.20pm	0.20		
Denmark 11.205-11.205	12.115-12.115	11.205-11.205	11.205-11.205	0.00	0.40-0.35pm	2.05		
W.Germany 3.38-3.38	3.38-3.38	3.38-3.38	3.38-3.38	0.00	0.85-0.85pm	2.05		
Portugal 20.28-22.22	22.22-22.25	22.22-22.25	22.22-22.25	0.00	1.80-1.80pm	17.64		
Spain 211.80-212.00	212.00-212.00	212.00-212.00	212.00-212.00	0.00	1.80-1.80pm	17.64		
Iceland 1.120-1.120	1.120-1.120	1.120-1.120	1.120-1.120	0.00	2.15-2.15pm	2.05		
Norway 10.63-10.71	10.71-10.71	10.63-10.71	10.63-10.71	0.00	2.15-2.15pm	2.22		
France 10.35-10.43	10.42-10.43	10.35-10.43	10.35-10.43	0.00	1.65-1.65pm	0.82		
Sweden 10.79-10.83	10.85-10.83	10.79-10.83	10.79-10.83	0.00	1.65-1.65pm	0.82		
Japan 1.12-1.12	1.12-1.12	1.12-1.12	1.12-1.12	0.00	1.75-1.75pm	5.49		
Austria 23.63-23.75	23.72-23.75	13.11-13.15	13.11-13.15	0.00	2.72-2.73-2.75pm	5.33		
Switzerland 2.82-2.83	2.82-2.83	1.15-1.15pm	1.15-1.15pm	0.00	1.65-1.65pm	7.18		

Belgian rate is for convertible francs. Financial franc 70.70-70.80.

Six-month forward dollar 2.17-2.22pm. 12-month 3.73-3.83pm.

U.S. 1,480.0-2,102.5

SECTION III

FINANCIAL TIMES SURVEY

London's Airports

The new £200m Terminal Four at Heathrow, to be opened by the Prince and Princess of Wales on April 1, is the first result of an £800m-plus programme of modernisation and expansion at airports in London and the South East. The investment will gear the region for future continued growth in air travel to the mid-1990s and beyond.

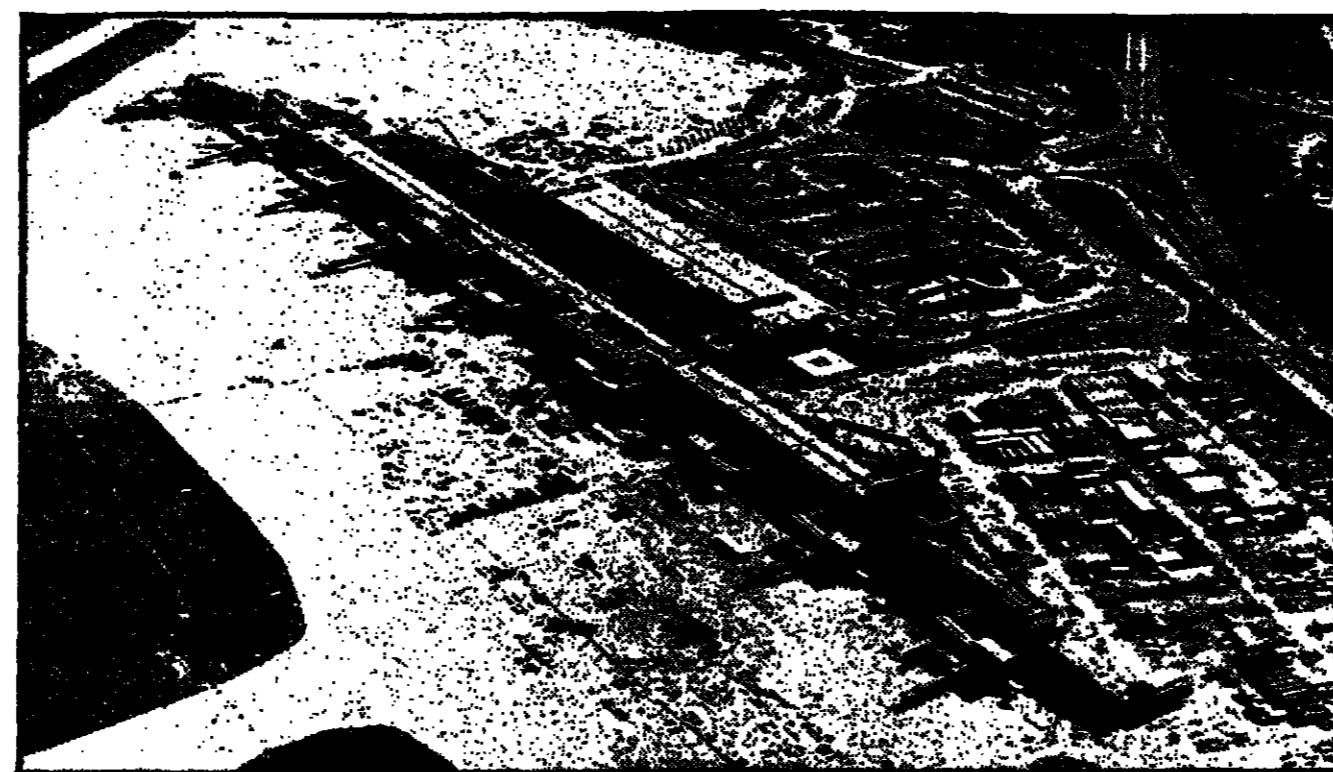
Easing strains on the system

By Michael Donne
Aerospace Correspondent

A NEW ERA in the history of London's airports will begin on April 12 when the £200m fourth terminal at Heathrow becomes operational, raising that airport's capacity from the present 30m passengers a year to at least 38m.

A little more than a year later, in the summer of 1987, another major development, the £200m second (North) terminal at Gatwick now under construction will open for business, raising that airport's potential capacity from the present 18m passengers a year to 25m.

Together, these two developments, among the biggest civil engineering projects undertaken anywhere in the UK in recent years, will do much to ease the growing strains on the London



Heathrow's new Terminal 4 takes shape. It raises the airport's capacity to 38m passengers a year

airports system until the next major phase of development—the equally expensive and extensive £290m expansion of Stansted airport in Essex from its present capacity of 2m passengers a year to between 7m and 8m—becomes operational in the early 1990s.

Behind all these developments lies the fact that inexorably air travel has continued to expand, not just in the UK, but throughout the world, and that for the foreseeable future that expansion is likely to continue, unless some unexpected economic difficulties arise. Even during the recession of the early 1980s, air transport suffered only to the extent that in some parts of the world—North America and Western Europe—the rate of

growth slackened (traffic did not actually decline) while in some other parts of the world, growth continued at substantially high annual rates, especially in South-East Asia and the Far East.

That part of the UK is a major conurbation in its own right—one of the biggest in the world—while London is the centre of government and of much of the nation's industrial and commercial life, and a major centre for international tourism.

While undeniably the regions have a major role to play in the future development of all UK air transport, and need to be encouraged in their own development strategies, the fact remains that London and the

South-East will remain the major attraction.

All of the expansion and modernisation now being undertaken or contemplated at London's airports is designed to ensure that the facilities can not only keep pace with demand, but where possible can remain ahead of it.

But providing an adequate airport infrastructure by itself is not enough: to manage it competently is equally essential. The British Airports Authority has the basic responsibility for running most of London's airport system—Heathrow, Gatwick and Stansted—Luton and Southend being local authority-owned, while the projected smaller central London airport (short take-off and landing port) is being privately developed in the Docklands. The BAA is widely recognised as having done an excellent job, often under extremely difficult political and economic circumstances.

The authority has been consistently profitable throughout its 20-plus years of existence, and there is no reason to believe that it could not, and would not remain so if it continued under State control. The current Government's plan to privatise the authority later this year or early next has nothing whatever to do with any pressing need to revise the structure and methods of managing the authority, or to correct any obvious faults in the airports system. It is primarily a political

objective as part of the Government's overall ambition to roll back the frontiers of the state in commercial and industrial life.

But given that privatisation is going to occur, both the authority itself and the air transport industry as a whole, can use that opportunity to reshape the system where either sensible or desirable, as to gear it for the expansion anticipated throughout the remaining years of this century.

Essential elements in that process include reshaping the structure of the authority itself into a holding company with seven separate subsidiary companies running each of its seven airports (the others outside London being Glasgow, Preston, Aberdeen, Edinburgh). Defining the precise structure is a matter for discussion between the authority and the Government, while the Airports Bill giving effect to the changes moves through Parliament, as outlined later in this survey.

But one element in the process that is currently the subject of considerable debate is whether there should now be a much more fundamental revision of the distribution of air traffic in London and South-East, with perhaps a tougher and more extensive system of Government direction of charter traffic to the expanded Stansted, relieving Gatwick to enable it to develop more as a scheduled airport along the same pattern as Heathrow.

Some airlines have suggested this as the proper way forward, whereas others have argued just as vigorously that all the airports in the London system should be allowed to develop as "hubs" in their own right, with a "mix" of traffic, both scheduled and charter.

The British Airports Authority itself, in response to a consultation document issued by the Civil Aviation Authority, has argued strongly that the present arrangements for distributing air traffic between London's airports have worked

well and should continue. The existing pattern, involving reliance on the airlines' own schedules, committing them to allocated landing and take-off "slots" at the airports, together with the action of market forces supported by an appropriate pricing policy, involving perhaps differential rates at different airports, remains the best way forward.

The authority argues that the growing shortage of suitable "slots" on a consistent daily basis at Gatwick, and the increasing number of aircraft serving Stansted, is likely to encourage the development by airlines of both scheduled and charter services at Stansted, thereby relieving pressures on both Heathrow and Gatwick. This could be assisted by liberal Civil Aviation Authority licensing policies for new services at Stansted and at Luton.

The authority's view would appear to be supported by experience in the US, where an increasing number of airports are expanding rapidly under the "hub" system, with services of all types radiating in all directions, a pattern that is also increasingly adopted on the Continent of Europe.

But apart from questions of redistribution of traffic, there are other problems to be faced in settling the future of the London airports system. These include those of the environment—noise and pollution from aircraft, and the growing road congestion, especially around Heathrow.

Earlier proposals to restrict the growth of traffic at Heathrow by the imposition of a ceiling of 275,000 air transport aircraft movements a year at that airport (and thus ease the noise burden) founders because the ceiling was overtaken by events before it could be introduced: in 1985, there were 283,400 such movements, a rise of 3.8 per cent over 1984, and a further expansion seems likely in 1986.

But it is clear that a close watch will need to be kept on the noise situation at all the

CONTINUED ON PAGE 2



**There is one airline
that carries more
regional passengers
than we do.**

You may be surprised to see a name you're not too familiar with alongside a name you are familiar with.

But it's a fact: British Airways is the only British airline to carry more scheduled passengers than Air UK between regional airports throughout the UK and Europe. Being number two, however, doesn't mean being second best. Although on sheer numbers we have to concede, we give nothing away to our competitors on punctuality, service and commitment to the traveller.

There are occasions, of course, when carrying fewer passengers than our competitor has very definite

**We're big enough
to admit it.**

advantages. When checking-in, for example. When boarding and leaving aircraft. And when you need to be distracted by nothing more than a drink and a copy of your favourite newspaper.

Wherever your business takes you Air UK can help by offering over 500 direct flights every week to 21 UK and European destinations. Making sure you're in the right place, at the right time. After all, we designed our busy schedule to meet yours.

We're big enough to admit it.

Your travel Agent has the details or you can telephone Air UK on (0603) 44288 or Prestel 50847.

Air UK
Big enough to mean business.

London's Airports 2

A considerable variation in projections for the number of passengers expected in the 1990s has posed a dilemma for planners.

Steady expansion set to continue

Patterns of growth

MICHAEL DONNE

THE FOUR main airports in the London area—Heathrow, Gatwick, Stansted and Luton—collectively handled more than 45m passengers during 1985, or about 7 per cent more than in the previous year, reflecting the continuing recovery of UK air transport from the recession of the early 1980s.

Within that total, Heathrow alone handled close to 31.3m passengers, or 7.3 per cent more than in 1984, with a volume of 283,400 air transport aircraft movement (up 3.8 per cent) indicating that the airport was already last year at saturation level and thus more than justifying the decision to build the new fourth terminal at that airport which becomes operational on April 12.

Gatwick handled 6.7 per cent more passengers, while a total of close to 14.8m also indicating that the airport was also coming close to its current maximum capacity of 16m a year.

All the indications are that this growth will continue into the foreseeable future, at an average annual rate of between 5 to 7 per cent, unless there are any unforeseen economic difficulties.

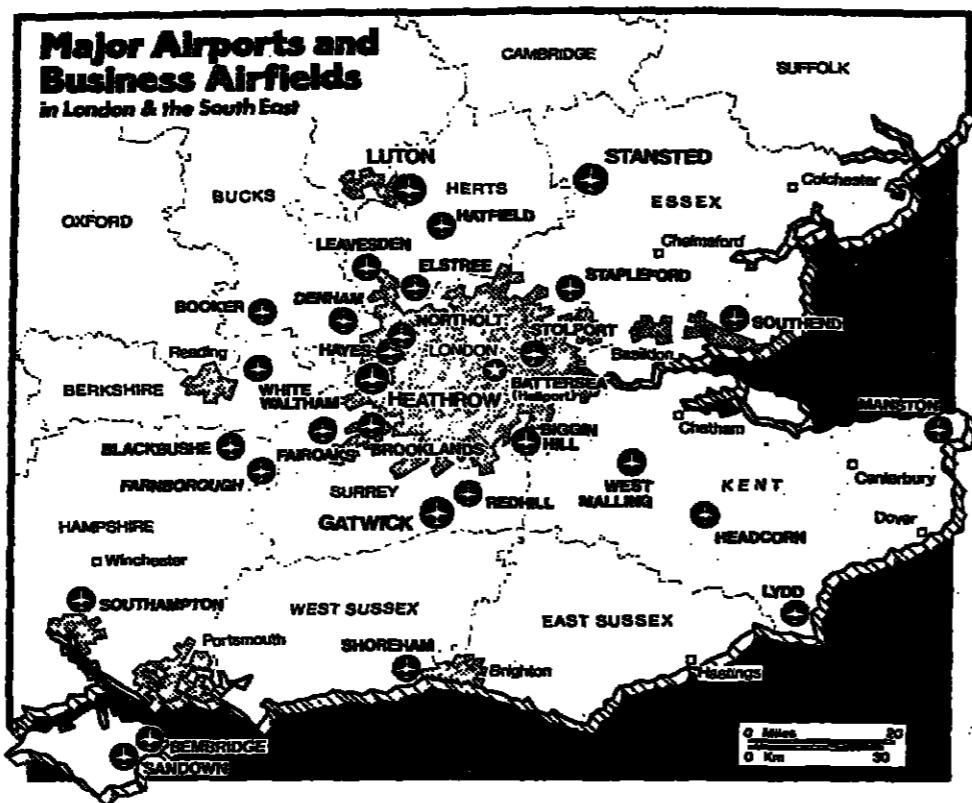
Encourage

Although the recent fall in oil prices has been interpreted by some aviation observers as likely to encourage lower air fares and thus stimulate traffic, the general view is that rising air transport costs in other directions (such as labour and re-equipment costs) will absorb the benefits of falling fuel prices (although some airlines claim their fuel bills have gone up, not down), and that in any event the volatility of fuel prices in the long term is likely to encourage caution by the airlines and preclude any early significant reductions in fares.

Nevertheless, over the long term, that is at least up to the mid-1990s, the forecast is for a steady rise in the volume of air traffic serving the London and South-East region of the UK.

The most recent detailed forecasts, prepared by the Department of Transport (July 1984), show that, using 1982 as a base year with 39.7m passengers at airports in the London and South-East area, by 1990, traffic will have grown to between 54.5m (the low forecast) and 66.5m (the high forecast), out of total air passenger traffic for the UK as a whole of between 80.1m and 100.8m.

This represents an estimated annual growth rate of between 4 per cent and 6.7 per cent. The



APART FROM the major airports, Heathrow, Gatwick and Luton, soon to be joined by the substantially-expanded Stansted Airport, there are many other smaller airports or airfields.

These are primarily involved in business and leisure flying, or military aviation, or related directly to the aerospace industry.

Most of them, if not all, are likely to experience a major expansion of their activities during the rest of this century.

Department of Transport forecasts for growth in passenger traffic at UK airports for this period (in the chart below) show a wide variation between the "low" and the "high" forecasts.

This primarily reflects the difficulties of estimating traffic so far ahead, but even on the basis of the mean figures, traffic expansion will be strong.

At present 30m to at least 38m a year (with the possibility of squeezing it up to about 42m a year by getting more traffic into the central terminal area) while they are also building the second (North) terminal at Gatwick, to become operational in the summer of 1987, raising that airport's capacity from the present 16m passengers a year to 25m.

At the same time, the plan now is for Stansted, in Essex, to be developed as a result of Parliamentary approval from its present capacity of about 2m a year to between 7m and 8m a year in a first phase of expansion, with further growth thereafter.

It is on that basis that they have developed the fourth terminal at Heathrow, raising that airport's capacity from the present 30m to at least 38m a year (with the possibility of squeezing it up to about 42m a year by getting more traffic into the single runway).

This BAA development programme alone will generate capacity by the mid-1990s of some 75m passengers a year at the BAA's airports alone.

Expansion

The additional capacity required to meet the overall mid-1990s target of 80m plus passengers from the expansion of London airports (which is local authority-owned) to about 5m passengers a year from the present capacity of 3.5m, with perhaps another 1m being handled by the London Stansted (short take-off and landing airport) to be built in the Docklands area east of the City of London.

From such calculations, it can be seen that if the forecasts are accurate, it is going to be a tight squeeze, even taking the medium level of estimated traffic growth for the mid-1990s. If the actual growth rate moves towards the high forecast of 8.5m for 1995, it would seem that further development of Stansted beyond the initial 7m to 8m now contemplated to a full 16m will become necessary.

Many aviation observers believe that such a development will be inevitable anyway in the second half of the 1990s, and that the time may well come when Stansted will have to be pushed even further, up to 25m passengers a year capacity by the end of the century, the maximum that can be absorbed

longer-term possibility of even pushing it up to 25m a year on the single runway.

This BAA development programme alone will generate capacity by the mid-1990s of some 75m passengers a year at the BAA's airports alone.

Expansion

The additional capacity required to meet the overall mid-1990s target of 80m plus passengers from the expansion of London airports (which is local authority-owned) to about 5m passengers a year from the present capacity of 3.5m, with perhaps another 1m being handled by the London Stansted (short take-off and landing airport) to be built in the Docklands area east of the City of London.

From such calculations, it can be seen that if the forecasts are accurate, it is going to be a tight squeeze, even taking the medium level of estimated traffic growth for the mid-1990s. If the actual growth rate moves towards the high forecast of 8.5m for 1995, it would seem that further development of Stansted beyond the initial 7m to 8m now contemplated to a full 16m will become necessary.

Many aviation observers believe that such a development will be inevitable anyway in the second half of the 1990s, and that the time may well come when Stansted will have to be pushed even further, up to 25m passengers a year capacity by the end of the century, the maximum that can be absorbed

on only one runway, as at Gatwick.

Beyond that, there are two alternatives. One is to consider the development of a fifth terminal at Heathrow, catering for some 15m passengers a year and increasing the capacity of that airport to between 53m and 57m passengers a year. This is an option which the Government has kept open in its White Paper on Airports Policy (as

it has also done in the case of Stansted) and will create the biggest shareholder-owned airport organisation in the world.

But given the physical constraints at Heathrow—the need to remove the Peep O'Clock sewage works where the fifth terminal would be sited, and the growing congestion on surrounding roads and railway links—together with the undoubtedly environmental problems from increased aircraft noise and pollution, such further expansion at either Heathrow or Stansted would generate a political argument matching, if not exceeding, in ferocity that already held over recent years on the expansion programmes now approved.

It could be argued that, with Heathrow by then already handling up to perhaps 42m passengers a year, it would be a great national injustice to develop it further, especially when an under-utilised expansion chamber is available at Stansted.

This debate lies well into the future. It will not become an urgent consideration at least until the early 1990s, by which time the future trend of air traffic to the end of the century will be seen more clearly. But it would be wrong for anyone at this stage to suggest that such a debate will never take place.

Sooner or later, the Government of the day will have to grasp the nettle, if the inexorable growth of air transport continues.

For the immediate future, however, the planners have their hands full in coping with the development programmes already approved, which have themselves taken many years of struggle to achieve against formidable opposition.

The actual results for 1985—a gain of 7 per cent in air passenger traffic at the London and South-East airports—indicated that demand for air travel was running strong.

The early results for 1986 show that the three BAA airports collectively handled more than 3.1m passengers, gain of 6.5 per cent over the corresponding month a year earlier. Heathrow gained 4.8 per cent to over 22m, while Gatwick gained 11.9 per cent to 8.7m.

Only Stansted showed a decline, of 12.3 per cent, to 26,200 passengers—the clearest illustration of the under-utilisation of that airport and reflecting its use still essentially for seasonal holiday charter traffic. To develop Stansted as a scheduled service airport is a change which the air transport industry as a whole must work to achieve.

£500m flotation on the way

The BAA

MICHAEL DONNE

regulation considerably greater than that envisaged originally in the White Paper on Airports Policy and subsequently approved by Parliament.

"When I welcomed the White Paper last year, it was intended that regulation would represent minimal restrictions on the operation of the business. We shall be monitoring the passage of the Bill very carefully and make appropriate representations in the interests of the business as and when we see fit," he declares.

One of the possible difficulties that could arise is in paying for the cost of major new developments of some airports that have not been particularly profitable in the past, or have even incurred losses.

For example, Stansted, with expansion planned from the current 500,000 to 500m passengers a year to between 7m and 8m a year by the early to mid-1990s, will have to undergo a major facelift that will cost at least £250m in the provision of new terminals, roads and other facilities.

But Stansted, in 1984-85, lost about £3.6m, and is hardly likely to be made significantly profitable in the early stages of its new development. If it is not allowed to be "cross-subsidised" by the profits from, say, Heathrow, through a central BAA accounting procedure as in the past, Stansted could saddled with a debt that could take a long time to remove.

The government will aim for the reorganisation of the BAA into a holding company and seven subsidiaries to be undertaken before the airports authority becomes a public limited company (which in turn will occur before privatisation if it is taken place), and it is expected that this reorganisation will take place some time later this year, probably between July and October.

It seems likely that in the discussions that will take place between the government and the airports authority before that date, efforts will be made to clear up this question of how to finance the future development of airports without encumbering them with debt.

Another element in the Airports Bill which the airports authority will need to clarify will be the precise extent of the Civil Aviation Authority's powers to regulate charges which, if not carefully controlled, could themselves be damaging to the airports authority's long-term interests.

The fact is, at present, the Airports Authority, as a whole, incurs losses on the provision of traffic facilities—that is, through its charges for landing fees, aircraft parking fees and apron and other services—and that these are more than offset by profits on commercial account—that is, concessions for duty-free goods sales and other services, such as car parking.

For example, losses of more than £26m on the traffic account in 1984-85 were more than offset by profits of £77.7m on the commercial account, resulting in an overall profit for the authority of about £51.6m.

In the past, the authority has sought to correct this imbalance in its accounts by raising landing fees and other charges, but has incurred such wrath from the airlines that it has been obliged to either rescind such increases, or discuss with the airlines much smaller increases in charges.

The danger now clearly arises that with the imposition of another regulatory body—the Civil Aviation Authority—the airports authority's own charging practices could upset the airports authority's balance of profitability that the airports authority has worked so hard to achieve over recent years. Here lies another area that will need considerable consideration and discussion before final binding commitments are made under the Act.

Apart from these considerations, however, the airports authority clearly believes that, once in the private sector, it will have more freedom to develop its airport system with greater vigour than ever before.

Precisely how this will be achieved is still a secret within the airports authority itself, but certainly a major extension of its concessionary trading activities seems likely.

Easing strains on the system

CONTINUED FROM PAGE 1

London airports, as traffic expands. The Government has already said that it will introduce a movements limit at Stansted, subject to Parliamentary control over subsequent increases.

Although the Government will also continue with its policy of restricting night jet flights, it does not propose to ban them entirely. Thus, there are fears that the current periods of night noise curfews may be eroded as so-called "quieter" jet aircraft come into service. The fact is that there is no "quiet" airliner as such: the latest Jumbo may have modern engines that make less noise than those on an earlier type of the same aircraft, but they still make a great deal of noise.

Moreover, all aircraft operating at night are objectionable to residents in communities

round airports who would perhaps be tolerant of such noise during daylight hours.

While it has to be recognised that airports are expensive investments that will be increasingly required to make money, it must also be accepted that the traffic growth anticipated at London's airports will in itself result in an increased volume of continuous noise.

Efforts to make a greater number of "slots" available at Heathrow in particular by an erosion of night curfew hours by so-called "quieter jets" should be resisted.

Local residents and anti-noise groups round Heathrow and Gatwick point out that if there were to be any reduction of air traffic at all in the London airports system, it should be achieved by directing airlines seeking new or additional slots to go to Stansted, rather than by eroding existing night curfews by permitting any kind of jet operations in the night.

Politically more sensible to have dismissed now any notions of a fifth Heathrow terminal once and for all, relying instead on the full development of capacity at Stansted to the maximum of a single runway—25m passengers a year—and insisting on the development of a "hub" system of development at all three major airports.

As it stands, all that the Government has achieved is settlement of the long-running problem of whether or not to develop Stansted at all. That it has settled for the limited initial target of 7m to 8m passengers a year is perhaps victory enough for the air transport industry for the time being.

But no one should be under any illusions that the matter is settled for ever. By the early 1990s, as traffic growth continues, the argument for either the further development of Stansted, or the fifth terminal at Heathrow will re-emerge.



Hugh Routledge
Holiday passengers wait in Luton Airport's check-in hall.

FRENCH KIER BUILD

WE ALSO DESIGN AND CONSTRUCT

For over a century, French Kier has been building everything from private housing to major new hospital complexes, offices and factories, but our building work doesn't stop there. In the process we have built up an enviable reputation.

French Kier are a responsible, highly responsive organisation that clients invariably like to return to.

French Kier offers a comprehensive

range of design, planning and construction skills on both a national and regional basis, with fifteen Area Offices throughout the UK. As a result we can point to relevant experience in all forms of contract, and in many situations, with particular expertise in inner city locations - both new build and quality refurbishment. We talk realistically about every aspect of a project, with our skills combining to achieve completion

on time and within budget. Our clients call it total commitment. We call it French Kier. The building skills of French Kier Construction represent just one facet of the Company's many activities. For further information about these, or our activities in civil engineering, property development, or construction management,

please contact Dick Allen, Managing Director, French Kier Construction Limited, Tempsford Hall, Sandy, Bedfordshire, SG19 2BD. Tel: Biggleswade (0767) 40111.

FK FRENCH KIER CONSTRUCTION

A member of the French Kier Group

July is 1st

"British Caledonian's flight to New York is now boarding at Gate 19."



Only British Caledonian will take you to New York (JFK) and back, door-to-door.

The service is for First and Super Executive passengers, and all the extras are included in the fare.

We'll pick you up from your home or office anywhere within 40 miles of Gatwick.

We'll also pick you up within 40 miles of the airports at Glasgow, Edinburgh, Manchester or Birmingham, just as long as you're connecting with our New York service on a British Caledonian flight. (Or a Brymon Airways flight, in the case of Birmingham.)

If you'd like to be picked up from further afield, we'll be happy to do so for a small excess mileage charge.

Naturally, the transport will be in keeping with British Caledonian's reputation for comfort.

(We wouldn't dream of sending just any old car round to your front gate.)

At the New York end there'll be a chauffeur driven limousine to take you anywhere within 40 miles of Manhattan.

Or, if you prefer, you can take the helicopter to a choice of four destinations: East 34th Street, The World Trade Center, Newark or La Guardia.

(That way you'll really get there chop chop.)

British Caledonian's New York flights

depart Gatwick daily at 11.30, arriving 14.10.

Coming back, they depart JFK at 20.00,

arriving 07.40 the following day, with the same

door-to-door service both ends.

If you'd like to know more, call your travel agent. Or if you prefer, just send the coupon.

And within a few days you'll notice a Guide to our New York door-to-door service on your door mat.

To: British Caledonian Airways, FREPOST, Camberley, Surrey GU15 3BR. Please send me details of your New York door-to-door service.

Mr/Mrs/Miss. FT2

Position in Company

Company Address

Postcode

British Caledonian
We never forget you have a choice.

London's Airports 4

Heathrow's new £200m terminal, which opens next month, adds essential capacity for a further 8m passengers a year.

Terminal 4 brings a needed respite

Heathrow

MICHAEL DONNE

A NEW chapter starts in the history of Heathrow Airport, the world's busiest international airport — handling close to 31.3m passengers a year — when the new Terminal Four on the south-east side of the airport becomes fully operational on April 12.

Built at a cost of £200m, the new terminal adds capacity for a further 8m passengers a year to the airport's already saturated existing level of about 30m passengers a year and provides a much-needed respite until the growth in air traffic in the London and South-East region requires further expansion to be considered, some time in the 1990s.

The principal occupant of the new terminal will be British Airways, but it is sharing the new facilities with KLM of the Netherlands, NLM City Hopper (a small Dutch airline) and Air Malta.

BA has spent some £14m of its own cash in fitting out Terminal Four to meet its needs. Overnight on April 11-12, it will move all of its intercontinental (long-haul) services, including Concorde, from Terminal Three in the congested central area of Heathrow, together with BA Paris and Amsterdam short-haul international services from Terminal One, into the new terminal.

The new terminal, the most

modern in the UK, is designed on a split-level to separate arriving and departing passengers, making the trip from airside to kerbside and vice-versa simple. Inside the building BA will have 64 check-in desks arranged in groups of 16.

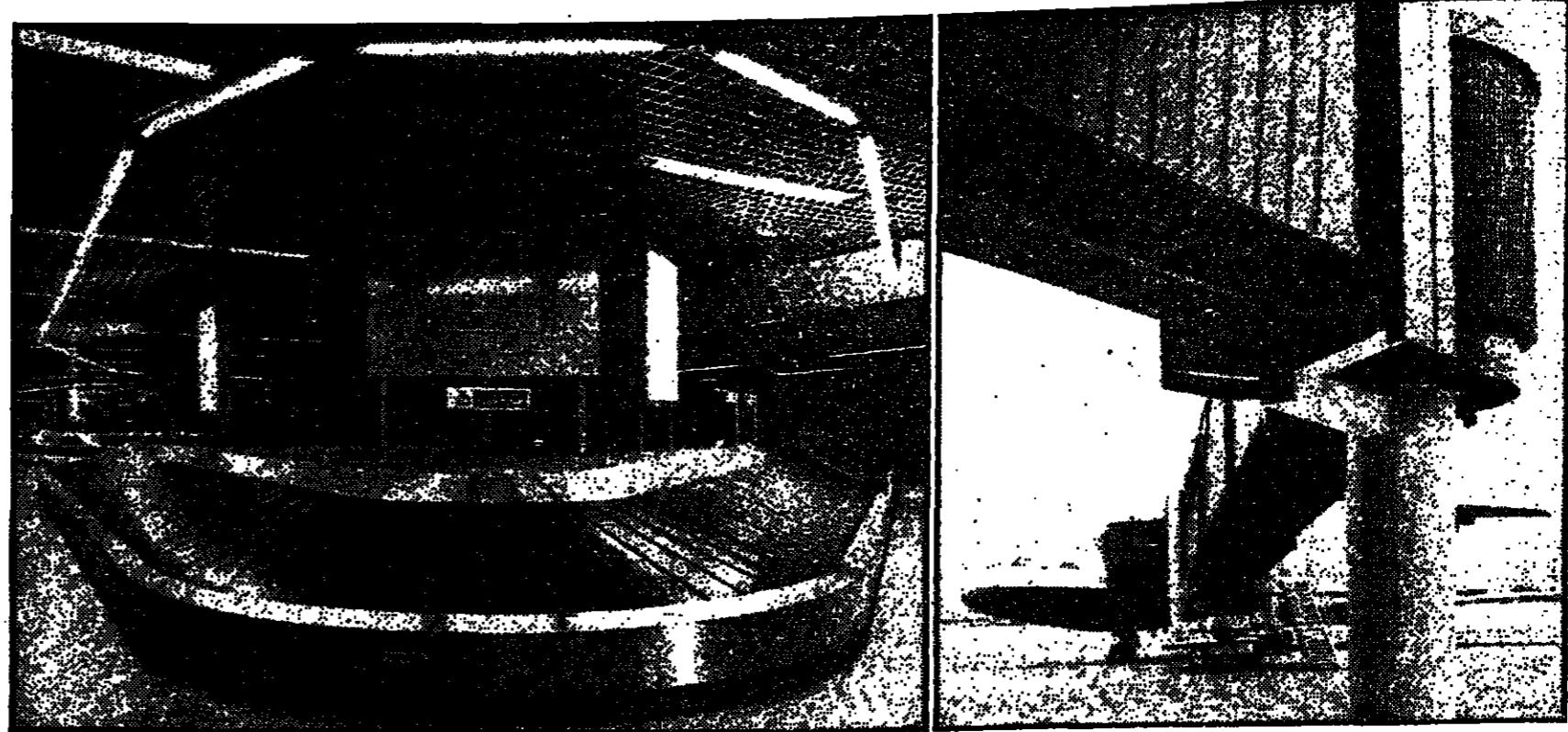
The airline will also have four passenger lounges, including one for the use of Concorde and first-class passengers, and a separate lounge for Executive Club passengers.

To make transfers easy between Terminal Four and Terminal One in the central area, BA will run its own coach service with a minimum connecting time between short-haul and long-haul international services of some 60 minutes.

The big benefit of Terminal Four from the British Airport Authority's viewpoint is that it is outside the increasingly congested central terminal area, located on the perimeter of the airport. Although there are no current plans for enlarging Terminal Four, its position on the south-east side of the airport will make such expansion easier if it should ever be required.

No one, either within the airports authority or outside it, can say at this time whether such expansion will ever be needed.

The question is inextricably bound up with wider issues such as the overall expansion of air travel to and from London and the South-East of England in the years ahead, and how far such growth could or should be accommodated at the available expansion "chamber" of Stansted in Essex or at Gatwick



Arrivals baggage at the new terminal will be collected by passengers from one of six inclined reclaim conveyors. Right: an aircraft at one of the powered telescopic loading bridges on the apron.

in the mid to late 1990s.

Current plans envisage Gatwick being developed from its current maximum capacity of 16m passengers a year to 25m a year by the addition of its new Terminal Two, now under construction, and Stansted being developed to handle up to at least 7m to 8m passengers a year, with provision for further growth to 15m, depending on the volume of traffic.

As and when demand builds up (as many believe it will) to the point where Gatwick is fully committed at 25m passengers a year, and Stansted at 7m-8m, the question of whether to develop Heathrow further or

take up the option of further expanding Stansted will have to be faced.

The Government, in its overall airports policy, has kept its options open. The development of a fifth terminal at Heathrow (at the western end of the airport on the site now occupied by the Perry Oaks sludge works) to enable a further 15m passengers a year to a total of 8m passengers a year that the four terminals there will by then be providing.

The subject is so politically and environmentally sensitive that no one in either the Government or the British Airports Authority is ready to comment officially on it, but within the airline industry there is no such deference to the niceties of the issue.

Many, although not all, airport executives believe that if Stansted is there in the mid to late 1990s, it ought to be developed to the full — developing its potential would be easier and cheaper than trying to squeeze more out of Heathrow beyond the 38m passengers a year that the four terminals

will by then be providing. as sewage disposal, water, gas and electricity supplies, could be expanded adequately to cope with the pressures the additional 15m passengers a year would generate, quite apart from the environmental issues such as noise.

For these reasons alone there are many in the air transport industry who believe that, with the advent of Terminal Four, Heathrow has been taken as far as it possibly can and that the further development of the London airports' structure will have to be catered for elsewhere, with Stansted the obvious candidate.

Speed and simplicity

Terminal 4 building

MICHAEL DONNE

SIMPLICITY of design and speed of construction have been the two vital elements in the design formula for Heathrow's new £200m Terminal Four (or just T-4 as it is more popularly called).

Architects Scott, Brownrigg and Turner conceived the formula after a tour of many world airports to analyse existing designs and solutions to passenger-handling problems. The design concept of T-4 is in many ways the product of that survey, according to Mr Kenneth Gilham, chairman of Scott, Brownrigg and Turner.

"Airports invariably appear complex to the public and we wanted T-4 to be a very simple building," he says.

"If one accepts that travel, generally, is a highly stressful activity, then one must equally accept that air travel is most probably the most stressful form."

"The time in transit, the restrictions of air travel, the general tumult of the terminal and the anxieties of luggage, currencies, passport controls and delayed flights, all conspire to create a highly-stressful period," Mr Gilham says.

"It is clear that airport authorities throughout the world are taking a close look at the problems of passenger stress and ways in which air travel can be made more pleasant," he adds.

The British Airports Authority's own brief to Scott, Brownrigg & Turner, reflecting the authority's concern for passenger comfort, was "Space, Speed, Simplicity and Service," for the 8m passengers who will eventually use the terminal every year.

As applied to T-4, the formula is simplicity itself, in the form of a large rectangular steel-framed building, with the mini-

imum of intercommunication corridors, and a vast open-plan airside concourse reaching the length of the building, some 650 metres, or more than four times the length of the National Gallery in London.

The object of such a large space is to encourage passengers to spend more of their time passing through the terminal on the airside, allowing maximum time for duty-free shopping and flexibility of movement.

This is aided by the fact that in T-4, arriving and departing passengers are segregated on different levels within the building. Yet another significant design concept is the elimination of enclosed gate-rooms in which at many airports passengers have to wait before boarding their aircraft. Ample seating is provided close to each departure gate.

In T-4, the arrivals concourse is on the lower level, with baggage reclaim and customs. The upper level is devoted to departing passengers, with the land-slide check-in concourse, passport and security controls and the airside concourse with its duty-free shops and catering.

Mr Gilham says: "We have created an atmosphere of confidence in the departure concourse by allowing passengers an uninterrupted vision of the waiting aircraft, and a high-tech, almost space-age, feeling to the concourse area."

The overall design incorporates lightweight, demountable aluminium panelling, both externally and internally, while the external system is based on a repeating pattern of glazing and panelling, which is highly effective in reducing noise and in improving the thermal efficiency of the structure.

The building's rectangular steel structure was chosen for speed of construction, and for the opportunities offered of providing horizontal channels between ceilings and upper floors for "service routes" such as cables for lighting. To help shorten building time, many of the components were completed off-site, and required only to be installed.

More spending to cope with congestion

Gatwick

MICHAEL DONNE

pendent road system, linked with the M23 motorway, will provide access for 60 per cent of the 9m passengers a year it is designed to handle, while the new Rapid Transit rail system will carry the rest to and from the existing main terminal.

To cope with this traffic volume, the new terminal will have its own short-term car parking for 2,400 vehicles in two multi-storey car parks, linked with the main concourse by moving walkways, while an additional 6,700 long-term car parking spaces will also be available in a surface car park to the north-west of the main terminal area.

There will also be a staff car park with about 1,700 spaces.

The scale and scope of the work at Gatwick has provided a major challenge and incentive to British industry. The declared policy of the British Airports Authority has been fully to support British industry in the development of the new terminal, and 79 major contracts worth some £126m have already been awarded, of which 77, worth £115m, have gone to British companies based throughout the country. Spending is averaging £1m a week.

This has created much new or additional employment, especially in the Midlands and the North.

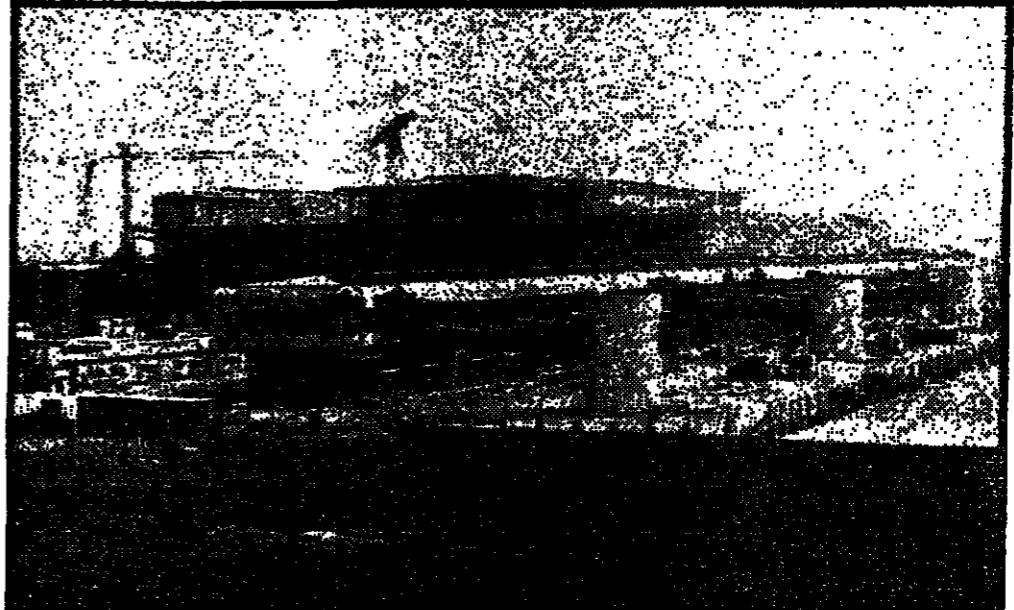
While Gatwick is being expanded, however, it is the subject of some controversy in the airline industry over its fundamental future role in the UK airports pattern. Hitherto, much of the capacity of the airport has been used by charter operators catering for the UK package tour holiday industry, although scheduled traffic to an increasing number of international destinations has also been growing.

The question now arising is how far in the future should the airport, with its additional capacity, be used as a major "hub" for the development of new domestic and international scheduled services, and to what extent should it continue to be used for "bucket and spade" holiday and other charter traffic.

The debate, generated by a call for airline and other industry views on the future distribution of air traffic in London and the South East by the Civil Aviation Authority, in response to a request by the Department of Transport, has revealed a wide split in the airline industry.

Some airlines, such as British Caledonia, already a big user of the new terminal, with a floor area of about 700,000 square feet, will be capable of handling up to 2,500 departing passengers, and a similar number of arrivals in an hour, by using the most advanced forms of handling equipment.

The new terminal's own inde-



The new North Terminal at Gatwick Airport is now well advanced in construction. This view, taken from the apron area, shows the shape of the building, with the passenger loading piers in the foreground.



Aerial view of the airport, second largest in the UK after Heathrow, and the fourth busiest international airport in the world. The new North Terminal is just out of the right of the picture.

pendence between travellers of first-class (that is, scheduled) and second-class (that is, holiday charter) citizens that would be unacceptable sociologically, as well as economically and even politically.

No such distinction, for example, is made between rail travellers, why should it not be introduced for air travellers?

Hub

The debate remains that there is no reason why Gatwick Airport cannot develop as a "hub" airport in its own right, especially since the southern counties are close to all the major cross-Channel ferry ports. Little, or none, of it, they argue, would stop for the longer and more inconvenient journey to Stansted, or even Heathrow. These airlines argue that to differentiate between types of passenger in such a way is invidious, creating a new dis-

cernment area of Hampshire, Sussex, Surrey and Kent, with the result that is what Gatwick has been developed for, and what no matter whether those travellers are business or holiday orientated.

This debate is likely to continue for some time. The concept of allocating different airports for different types of traveller is not only unique in the transport history, but alien to the way in which air travel has been developing in the UK, and will continue to develop in future.

That has been recognised by the British Airports Authority, which has urged that the "status quo" of traffic distribution be retained at Gatwick, and indeed, in the whole London

Luton International... ...1st choice for business or pleasure

SCHEDULED SERVICES

- Scheduled Services to Amsterdam, Netherlands.
- Summer service to the Channel Islands via British Midland Airways.
- New service to Dublin from May via Ryan Air.
- Ideal for the businessman
 - no check-in or baggage queues.
 - parking adjacent to terminal building.
- Wide choice of destinations.
- New terminal with excellent passenger facilities.
- Base for principle airlines.

EASY ACCESS

For business trips or pleasure trips, Luton International is the place to leave from. There is a new Duty-Free shop with something for everyone.

Easy access by road, via the M6, M1, M25 or the A1M. Or go by rail with the fast coach transfers. Whichever way you go, Luton International is only minutes away from London.

For your Flight Only and holiday brochure contact:

Luton International Airport,
Luton LU2 9LY.

Tel: (0582) 38061

Telex: 826409

Prestel frame no: 468554



Luton is a nuclear free zone.

Bing-bong!

British Airways

announces the arrival of Terminal 4.

If you think advances in air travel don't happen overnight, think again.

Between the last flight on April 11th and the first on the 12th, we'll transfer our Paris, Amsterdam and intercontinental services to the most modern terminal building in the world.

The first thing you'll notice about Terminal 4 is that it's huge: 64 Check-In desks mean less congestion, less queuing.

Avoiding stairs, escalators and lifts you can wheel your trolley direct from car to plane.

There's easy access by road, parking for 3,200

cars, a brand new Underground station and our own fast, frequent bus service to and from Terminal 1 (from which our domestic and other European services will still operate).

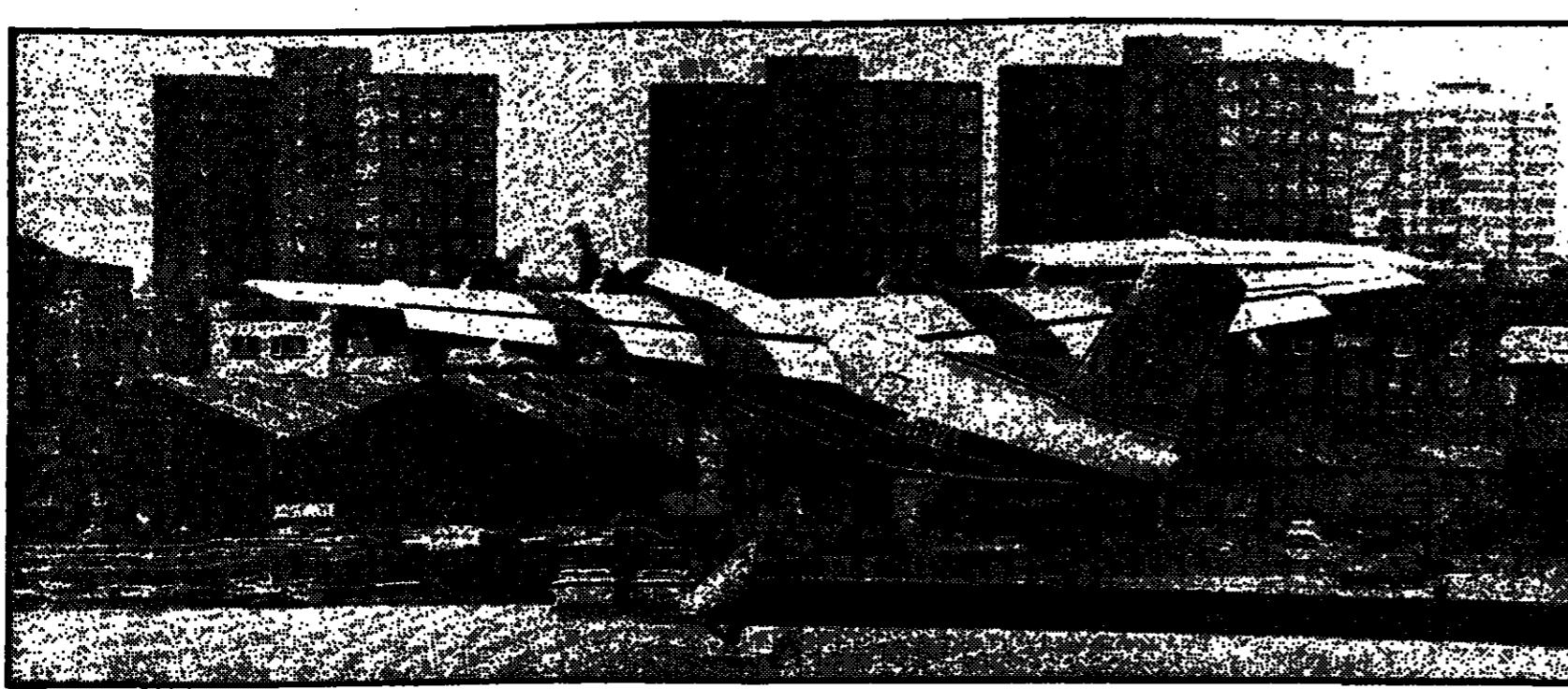
British Airways wishes you a pleasant flight through the world's most advanced terminal.

BRITISH AIRWAYS

The world's favourite airline.

Terminal 4 designed and built by the British Airports Authority

London's Airports 6



A Brymon Airways de Havilland Dash 7 turbo-prop airliner takes off on a flight trial in London's Docklands.

A revolution for business travel

Stolport

LYNTON MCALAIN

STOLPORT, or the London City Airport, is potentially one of the most unusual airports in the world. It will be built after years of planning — and some local opposition — along the disused wharves and by the deserted berths between the Royal Albert and King George V docks by the River Thames at Newham in East London.

The airport will be only a matter of 20 minutes by taxi from the Bank of England in the heart of the City of London. It is likely to revolutionise urgent travel for City business users, especially to Paris, Brussels and Amsterdam, three of the most likely destinations to be served from Docklands.

The airport is the idea of John Mordern and Company, civil engineers and its main airline supporter Brymon Airways, the UK's only operator of the de Havilland Canada Dash 7 four-turboprop regional airliner. This aircraft is the key to the quiet, short Take-Off and Landing (Stol) performance that is at the centre of the Stolport concept. Few other aircraft, if any,

miles from central London) or to Gatwick (28 miles from the centre). Stolport, by contrast, is little more than five miles east of the City and the journey will probably take less time than a shorter journey from the City to the West End of London in the busy lunch period.

At the moment, although Brymon, led by Mr Charles Stuart, the former British Airways executive, is the only UK airline with wide experience of operating the Dash 7 short take-off and landing aircraft, the final decisions on which airlines do eventually operate out of Stolport is the responsibility of the Civil Aviation Authority.

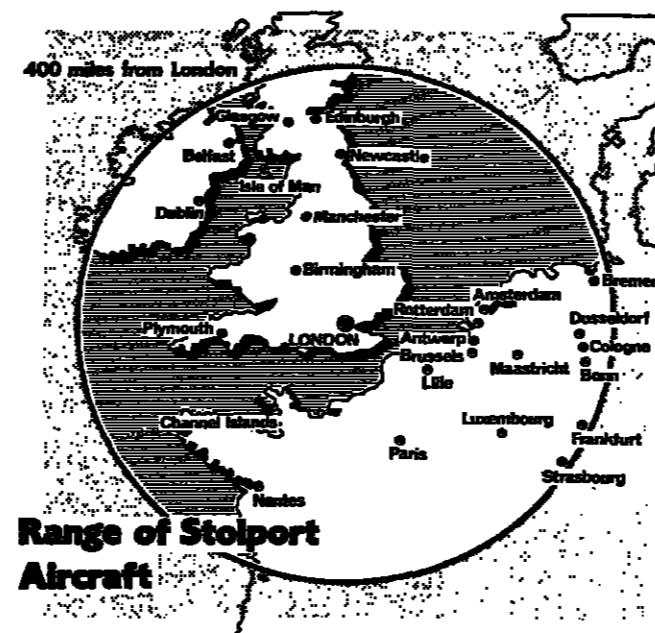
The CAA is expected to invite applications soon from airlines interested in operating services from Stolport.

Brymon itself has identified at least 14 potential destinations that would be ideal targets for services from Stolport. Services to Paris, Brussels and Amsterdam are likely to feature prominently in the airline's early route applications. A 400-mile radius of London is one criteria that has to be met if the Dash 7 is to be used.

The airline would probably restrict itself initially to about six international air services and about three domestic UK services from Stolport. Brymon already has five Dash 7 aircraft and two smaller Twin Otter aircraft to operate its proposed initial Stolport services. Brymon could expand from £10m turnover a year to nearer £50m as a result of the extra business generated by its proposed Stolport activities.

Several thousand jobs could be created with the development of the dockland airport, according to the London Docklands Development Corporation.

A feasibility study on the siting of the airport in docklands showed that Stolport could create between 4,200 and 5,000 jobs by 1990. With 1m passengers a year using Stolport, the number of on-site jobs likely to be created by 1990 is 1,100, according to the study, prepared by the Economic and Planning Transport group for the corporation.



In the first year of air services, about 400 jobs would be created off-site and in secondary work associated with the airport. Most of such jobs would be filled by local people. Mr Stuart is an enthusiastic supporter of the docklands development. "From London Bridge on the south bank to the proposed east London river crossing (a bridge) on the north bank, this eight and a half square miles of riverside is the greatest single redevelopment of London since the Great Fire 300 years ago," he says.

He envisages that 90 per cent of the "at best 1m passengers a year," using London City Airport, will be business travellers.

In Mr Stuart's view, this could mean airline revenues of around £100m a year — a fair sized business by non-airline standards. Perhaps 10 per cent of all cross-Channel travel between the UK and the Continent could eventually fly via the London City Airport, of which perhaps half would be new business — passengers who had not previously flown between the UK and the Continent.

Time savings for Stol passengers*

To	% Savings in time relative to air	% Savings in time relative to rail
Central London		
From		
Domestic routes		
Aberdeen	11	25
Belfast	9	—
Birmingham	44	39
Edinburgh	15	32
Glasgow	15	25
Leeds	26	53
Liverpool	30	51
Manchester	33	51
Newcastle	23	55
Tees-side	25	63
European routes		
Amsterdam	32	—
Brussels	33	—
Dublin	20	—
Frankfurt	12	—
Paris	33	—

*Compared with conventional air and rail routes.

source: Economic and Transport Planning Group

Isn't it time you flew
BRYMON?

Heathrow to
Plymouth
in only
60 minutes.



Services between	Frequency	Prices from
Heathrow and Plymouth	4 a day*	£76 return
Heathrow and Newquay	4 a day*	£85 return
Catwick and Birmingham	2 a day	£72 return
Catwick and Exeter	2 a day	£60 return
Plymouth and Cork	2 a day	£50 return
Plymouth and Channel Islands	Daily	£69 return

*Twin Otter Aircraft. Reduced service on Saturday and Sunday.

Talk to your Travel Agent. Or phone 01-549 4335 (London), 021-236 7002 (Birmingham), or 0752 707023 (Main Reservations, Plymouth).

BRYMON

Phased expansion for 15m passengers

Stansted

LYNTON MCALAIN

THE UNCERTAINTY has been lifted from the people of Essex about the future of Stansted Airport, after many years of indecision. The Government last year gave the go-ahead for Stansted to be London's "third airport" in its Airports Policy White Paper in June 1985, a decision subsequently approved by Parliament.

The cost will be about £230m with several thousand jobs likely to be created.

The airport management forecasts that the current 1,700 staff will expand to 3,000 staff by the early 1990s when the new terminal becomes operational, and this could rise to 12,000 jobs by 1995, with another 2,500 to 3,000 more likely to be created at the airport site.

The development plan for Stansted is on a more modest scale than had been at one time envisaged.

Stansted has a current capacity to handle between 1m and 2m passengers a year, but last year only just over half a million passengers used the airport.

Although outline planning permission has been granted for development up to a maximum capacity of 12m passengers a year, the Government has decided that this development will be carried out in phases, with the first phase limited to a throughput of 7m-8m passengers a year.

Also, the Government has ruled that there will be no second runway at Stansted. The expansion initially permitted represents an increase of some 5m-6m passengers a year on the airport's current capacity.

Mr Alan Munds, Stansted Airport director, the authority since last year's Government go-ahead "has been to tailor the

scheme to stand on its own at 8m passengers per annum capacity. What I want to bring out is that we are now building an 8m passenger airport."

The BAA is still somewhat sensitive to the claims of the northern airports lobby which has advocated further expansion of airport capacity in the north in place of expansion at Stansted, and the authority wants to underline that the current first phase of development is for a 15m passengers a year airport, although the airport could physically be developed to cope with that total, and even further to 25m on the single runway, at Catwick.

Mr Munds, outlining the way Stansted will develop under the 8m passengers a year plan, says the existing Stansted terminal and its facilities will be used

for general aviation traffic. It seems likely that general aviation traffic at Heathrow will be squeezed out eventually by the growing volume of airline traffic.

The go-ahead for the new terminal at Stansted is currently subject to detailed planning comment by local authorities, but "work on the ground is expected to start this year," Mr Munds says.

The first work is likely to be a spur off the nearby roundabout from the M11 motorway. "We aim to be connected to the existing terminal area by the end of 1986," Mr Munds says. "This and the new main road will give access to the new terminal site at the end of the year.

"There is three and a half years of work ahead, to be completed by early summer, 1990. This is when the new terminal will be handed over ready for operation towards the end of the year."

On this basis, the enlarged Stansted Airport will be fully operational as London's third airport for the whole of 1991.

By 1995, the airport is expected to have reached its full design capacity of 8m passengers, involving about 250,000 planes altogether, to be carried out to make the site as attractive as possible.

British Rail is to build a new electric rail extension from the Liverpool Street to Bishop's Stortford and Cambridge rail line. This requires legislation. Mr Munds says the proposed extension will provide a 40-minute rail link with London, "comparable with the Gatwick rail link."

Current business at Stansted

is based on one scheduled airline, Air UK, and charter flights, mainly to and from Scandinavia. There is also inclusive holiday tour business. British Airways, for example, will be selling its Sovereign and Enterprise holidays through Stansted, but will not use BA aircraft. These tours are outbound from the UK to the Mediterranean; inbound from Canada (Wardair) and the US (American Trans Air, using TriStar aircraft).

In the spring, London Express Airways is planning to start a Boeing 747 charter service twice a week to Singapore and once a week to Hong Kong.

People Express, the US cheap fare airline, wants to start a service between Stansted and Newark, New Jersey, but these plans have not yet been approved. A new airline, Highland Express, is planning services from Stansted to Newark and Toronto, via Birmingham and Prestwick, via Stansted.

Air UK's scheduled flights account for 20 per cent of traffic at Stansted, with charter flights taking the balance. The Scandinavian flights account for over half the charters.

There are still signs of Stansted's war-time use. Visitors are shown on a tour of the airfield where the bombers test-fired guns before their missions. All commercial air traffic is welcome at Stansted as the management wants to make greater use of the large runway and extensive ground facilities.

Parcels and cargo traffic is also important at Stansted. A recent addition to the night flights by the Post Office is the US Federal Express parcels service. This started last October from Memphis to New York and via Stansted to Brussels. Stansted is also a moving livestock and bloodstock air-craft.

Passengers leave their flight at Luton

Hugh Roudedge



is based on one scheduled airline, Air UK, and charter flights, mainly to and from Scandinavia. There is also inclusive holiday tour business. British Airways, for example, will be selling its Sovereign and Enterprise holidays through Stansted, but will not use BA aircraft. These tours are outbound from the UK to the Mediterranean; inbound from Canada (Wardair) and the US (American Trans Air, using TriStar aircraft).

In the spring, London Express Airways is planning to start a Boeing 747 charter service twice a week to Singapore and once a week to Hong Kong.

People Express, the US cheap fare airline, wants to start a service between Stansted and Newark, New Jersey, but these plans have not yet been approved. A new airline, Highland Express, is planning services from Stansted to Newark and Toronto, via Birmingham and Prestwick, via Stansted.

Air UK's scheduled flights account for 20 per cent of traffic at Stansted, with charter flights taking the balance. The Scandinavian flights account for over half the charters.

There are still signs of Stansted's war-time use. Visitors are shown on a tour of the airfield where the bombers test-fired guns before their missions. All commercial air traffic is welcome at Stansted as the management wants to make greater use of the large runway and extensive ground facilities.

Parcels and cargo traffic is also important at Stansted. A recent addition to the night flights by the Post Office is the US Federal Express parcels service. This started last October from Memphis to New York and via Stansted to Brussels. Stansted is also a moving livestock and bloodstock air-craft.

"Lufthansa is not only famous for the maintenance of its planes."

This is an authentic passenger statement.



Lufthansa

London's Airports 8

Legislation bringing changes

The regions

MICHAEL DONNE

MAJOR CHANGES in the structure of ownership and operation of many of the local authority-owned airports in the UK will occur as a result of the Government's Airports Bill, now before Parliament.

In all, there are 55 airports of all kinds in the UK outside those in the London area, including those in the Channel Isles. Between them they handled more than 23m passengers during 1985, substantially more than in 1984, and some have been expanding rapidly in recent years. Collectively, therefore, these regional airports, as they are generally termed, provide nearly one-third of the total volume of all air traffic within, to and from the UK in a full year, and so make a vital contribution to the UK air transport industry.

Many of these regional airports are exceptionally small, with only a few thousand passengers passing through their terminals a year. But some are very large, such as Manchester International, the UK's third-largest airport, with more than 6m passengers a year, and Glasgow, with about 2.7m.

Jointly owned

Some 23 are local authority-owned, that is, they belong either to the local council with which area they lie, or to combinations of councils, such as Manchester, which is jointly owned by Manchester City Council and the Greater Manchester Council.

For the majority of these regional airports, the forthcoming Airports Bill will have little impact, beyond the effect of the measures that may be taken to control airport charges under the Civil Aviation Authority. But for some of the larger ones—those with annual turnovers of over £1m—some substantial changes in ownership and management are in prospect.

On the basis of the latest available figures for local authority airports from the Chartered Institute of Public Finance and Accountancy, local authority airports that seem likely on the £1m turnover basis to be brought within the scope of the Government's Bill include Birmingham, Bourne-

mouth (Hurn), Bristol, Cardiff, East Midlands (Castle Donington, Leeds/Bradford, Liverpool (Speke), Luton, Manchester, Newcastle, Norwich, Southend and Teesside.

The Government proposes to ensure that, from now on, these airports "should operate in a proper commercial environment". To that end, Part II of the Bill provides for those major local authority airports to be released into the commercial world in which they belong," as Mr Nicholas Ridley, Secretary for Transport, told the Commons during the debate on the Bill.

"The Bill will enable me to require major local authority airports—those with a turnover of over £1m—to be reconstituted as public companies," Mr Ridley said. "Although initially they would continue to be owned by the local authorities concerned, the government clearly wants to see eventually a substantial measure of private capital injected into them, although it will not take powers to enforce that move."

Moreover, said Mr Ridley, it would actively prevent those local authorities from placing restrictions on the disposal of shares in their airports.

But if outright privatisation is not intended, nevertheless the Government intends to ensure that a reasonable measure of commercial competition is injected into those airports.

"The Bill," Mr Ridley said, "also ensures that there is a proper arm's length relationship between the new airport companies and their parent authorities, so that airport companies will have proper commercial freedom. It provides for the boards of the airport companies to include full-time airport executives, and not simply to consist of local councillors."

"It limits the services that local authorities can provide to airport companies, and makes services as may be provided will have to be at commercial rates. The Government believes that airport companies should be free to buy in services by competition in the best interests of the company.

The directors of the airport company will have a duty under the Companies Act to act in the best interests of the company, which may not necessarily coincide with the interests of their own local authority. I think that that is an important change which will lead to greater efficiency."

Moreover, as Mr Ridley has stressed, as companies the major local authority airports will be required to produce and publish Companies Act accounts—"a discipline which in itself will foster a more commercial and businesslike approach.

Approval

The Bill also extends that businesslike approach to investment. Investments financed from an airport's undistributed surplus will no longer come within the capital control system and no longer need Government approval.

Investment financed from external sources will, of course, remain subject to the Government's capital expenditure controls while the company remains within the public sector. If, however, the local authority concerned chooses to privatisate an airport, the investment will be free of those controls."

Mr Ridley made it clear that the Government's intention is to ensure that the interests of the new airports companies take precedence over the interests of the councils that owned them in the past.

Moreover, the Government intends to take powers to regulate the airport charges and trading practices of these major regional airports, as with the major London and South-East airports. All airports will be required to provide proper and separate accounts, prevent or remedy any discriminatory charges or trading practices or abuse of monopoly positions, and to prevent predatory pricing.

The Civil Aviation Authority will be given the task of regulating airport charges through a price formula, and to require transparency of accounts. Every five years, the Monopolies and Mergers Commission will be able to carry out an investigation of an airport's business. It will make recommendations to the CAA on any practices found to be against the public interest and also recommend what limit should apply to airport charges at that airport over the following five years.

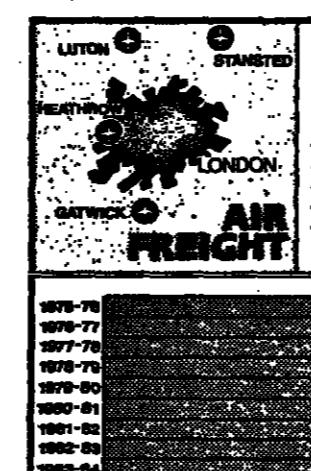
The aim of these changes is intended to be to release the local authority airports from what the Government believes has been in some cases, but not all, the stifling hand of local authority bureaucracy on airport development.

The local authority airports will be given the opportunity to follow in the footsteps of the British Airports Authority, and move to full privatisation if they grasp the opportunity of selling a majority of the shares in the new local authority airport companies to the public.

This would free those airports from all capital controls. But even if they choose to retain the shares in the plcs themselves, those companies will still be free to expand at a pace determined by market demand and able to attract private resources to help them to do so.

The Government accepts that some of the airports with more than £1m turnover that it will want to form into plcs, already incur losses. But it believes that with private sector involvement, more robust marketing, more imaginative development, and more determined cost controls, many of them could be transformed into profitable enterprises.

As Mr Michael Spicer, Aviation Minister, commented in the Commons: "The Bill accepts that the airport business no longer needs the protection and capital controls which exist in the public sector. We wish to liberate the energies and talents of the industry to the economic benefit of those who participate in it and of the nation as a whole."



Glyn Glyn...
The overall volume of cargo handled at airports in London and the South-East has been expanding in recent years, especially at Heathrow, although at Stansted the tonnage has tended to decline. Nonetheless, the overall upward trend has been sufficient to enable London to recapture the number two position in Europe.

Fierce rivalry from Continent

Cargo

MICHAEL DONNE

VIGOROUS EFFORTS by the British Airports Authority to promote the major airports in the London area as a centre for cargo handling, against fierce competition from Continental airports, appear to be bearing fruit.

For the 12 months to the end of January, the three BAA airports involved—Heathrow, Gatwick and Stansted, collectively handled just over 697,300 metric tonnes, which put them back into the second position in the European airports cargo league, ahead of Paris (Charles de Gaulle and Orly) at 694,400 metric tonnes but behind Frankfurt at 767,000 tonnes.

When cargo handled by Luton and other airports in London and the South-East is included, the region is clearly confirmed as number two, although holding that position may well become tougher in the face of the competition now being mounted by several of the major European centres, including Paris and Frankfurt.

Much of the credit for this situation must go to the London Air Cargo Promotion Group (commonly called the Cargo Task Force) set up some time ago by the British Airports Authority and led by Mr Ian Robinson, BAA's cargo manager, to promote the use of London's airports as cargo import, export and transhipment centres.

The Task Force combines the skills and experience of all sectors of the industry in a bid to re-establish London as the principal international air cargo gateway to Europe and the world, a position from which it had been dislodged in the early 1980s by the growth of Paris and Frankfurt in this field.

Promotion

Over recent years, the Task Force has conducted major overseas sales drives in the US, Scandinavia, and into Europe itself, taking the "Gateway London" message to Paris, Frankfurt and Zurich. A further major promotion along similar lines is to be held in Japan, in Tokyo and Osaka, in May, this year.

These efforts have already helped considerably in promoting the image of London as a cargo centre. At the same time, the task force has substantially improved the input of statistics on cargo, as a means of helping to improve market intelligence. More is now known and understood about cargo than previously, a factor which has also been aided by the growing interest in cargo as a major source of revenue by the airlines themselves.

At one stage, during the days of flush passenger revenues, cargo was often either ignored or relegated to a lesser position than passenger traffic. The recession of the early 1980s helped to change that attitude. Airline managers, desperate for revenue, were obliged to look more closely at cargo operations, with the result that now it is regarded by many as a major source of revenue with considerable potential for further expansion.

Vigorous

What seems clear to many in the helicopter industry is that a more vigorous approach to educate the public at large to the commercial benefits of the helicopter is becoming increasingly necessary.

The environmental difficulties (stemming from public objections to noise) facing helicopter operations are illustrated by the problems that British Caledonian Airways has had in seeking permission to continue its Gatwick-Heathrow helicopter link.

This service was suspended from early February, following the opening of the M25 motorway link between the two airports.

An application to the Civil Aviation Authority by British Caledonian, to be allowed to continue the service on the basis that it was of considerable value to the aviation community, was turned down. The CAA, in its annual yearbook, lists the names of the operators serving them.

Statistics

Yet a smaller number of others are airports—in the fully-accepted sense of that term—in their own right. For example, Southend, according to the Civil Aviation Authority's statistics for airport activity in 1984, is in fact the third largest in the London area, assessed by the number of aircraft movements, after Heathrow and Gatwick, with a total of 65,850 movements, rather higher in that year than even Luton and Stansted.

Southend Borough Council, as the owner, and British Airports International, as manager, of Southend Airport, have embarked on a £690,000 redevelopment of the passenger terminal at the airport. This substantial improvement scheme will incorporate new international and domestic arrival and departure lounges complete with a duty-free shop, a 24-hour bar service for international departing passengers, and other amenities.

Mr Gareth Evans, director of the airport, says that BAA is

pleased with growth in traffic at the airport. In 1985, it handled 186,000 passengers, an increase of over 50 per cent on 1984.

British Airports International, a joint venture by the British Airports Authority and International Aeradio (a subsidiary of STC), has managed Southend Airport for just over a year. By drawing on the resources of its parent companies and installing its own staff at the airport, BAA is able to provide an efficient and cost-effective management structure which has so far proved extremely successful.

BAA also manages Southend's Eastleigh Airport, which in 1984 handled close to 300,000 terminal passengers, with some 48,565 aircraft movements, of which more than 13,500 were air transport movements, the rest comprising aero club, test and training, private aircraft (including business aircraft), arrangement flights, military and other operations.

Others are larger and more active, substantially devoted to private and leisure flying, but again permitting some public transport aircraft operations on a prior arrangement basis. Others are Government or military airfields, such as Farnborough and Northolt, where a limited volume of commercial operations is either already permitted or is likely to be so. The White Paper on Airports Policy stressed that Farnborough (currently primarily the home of the Royal Aircraft Establishment) is to provide limited additional capacity for business aircraft, while access to Northolt by business aircraft is to be improved.

Others are larger and more active, substantially devoted to private and leisure flying, but again permitting some public transport aircraft operations on a prior arrangement basis. Others are Government or military airfields, such as Farnborough and Northolt, where a limited volume of commercial operations is either already permitted or is likely to be so. The White Paper on Airports Policy stressed that Farnborough (currently primarily the home of the Royal Aircraft Establishment) is to provide limited additional capacity for business aircraft, while access to Northolt by business aircraft is to be improved.

For business executives in London and the South-East interested in using aircraft, the Air Transport Operators Association (formerly the Air Taxi Operators Association), in its annual yearbook, lists the available airports and airfields in the region for air taxi operations, together with a list of the names of the operators serving them.

Overstretched

Public transport helicopter operations in London itself are less well served, with only the Battersea Helipad likely to be available following the impending closure, later this year, of the City helipad on the barge moored to Southwark Bridge.

Once Trig Lane closes,

the Minister's decision is still awaited. But in the meantime, in a submission to the Minister by British Caledonian, it is argued that this Airlink heliport service has been turned into a scapegoat for all general protests about aircraft noise, and helicopter noise in particular.

Objections to the helicopter link, it is claimed, have been "grossly misleading," and Mr Ridley is being asked to permit continuation of the service for the benefit of both the aviation community and international air travellers coming to the UK.

The BAA's last annual report summed up the situation by commenting that "the opportunities for London to recapture lost traffic have never been greater, but there may also be a concerted effort to maintain Britain's lead in international aviation, transport and distribution—the competition is fierce.

Industry-wide consultation and co-operation, as established by the London Air Cargo Promotion Group, must be supported and strengthened if the task force is to emerge from the 1980s as a force to be reckoned with."

FROM APRIL 12TH
One-terminal simplicity at Heathrow
to and from South Africa

SAA move to Heathrow Terminal 1.

For air travellers connecting with other airports throughout the UK, Ireland and Europe, SAA offer one-terminal simplicity at Heathrow Terminal 1. Whether you're flying to South Africa. Or flying back.

More non-stop flights. Plus far and away the best wine on the route, says Business Traveller Magazine (World Airline Wine Survey).

More than ever, SAA is the No.1 way to South Africa.



SAA
SOUTH AFRICAN AIRWAYS
—we make the difference

Call SAA: 251 Regent Street, London W1R 7AD. Tel: 01-734 9841. Or Warwick Street, Birmingham: Tel: 021-443 9605. Peter Street, Manchester: Tel: 061-534 4436. Hope Street, Glasgow: Tel: 041-221 2232.